

**Request for Proposals to Provide
Standard Offer Service
To
Versant Power—Bangor Hydro District
Customers**

For the term

January 1, 2023 – December 31, 2023

**Issued by the
Maine Public Utilities Commission**

September 7, 2022

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1. OVERVIEW

1.1. Request for Proposals

General

The Maine Public Utilities Commission (Commission) is seeking proposals for retail standard offer service (SOS) for customers of Versant Power's Bangor Hydro District (VP-BHD) for a one-year term beginning January 1, 2023. In addition, the Commission is seeking alternative proposals for SOS that would mitigate the price impacts on customers that may otherwise result from these 2023 prices, including proposals for terms of six months, eighteen months, and two years.

Proposals may be submitted for one or more of the standard offer customer classes: residential and small non-residential (commercial); medium commercial/industrial; and large commercial/industrial. All proposals must be for requirements service.

The Commission will select the winning bids based on its evaluation of the proposals.

Contact Information

The RFP, related information and load data are available from the RFP web page at: <https://www.maine.gov/mpuc/regulated-utilities/electricity/rfps/standard-offer>

Any modifications, corrections or clarifications to the RFP will be posted at this same location.

Inquiries regarding this RFP should be directed to Faith Huntington at faith.huntington@maine.gov, Sally Zeh at sally.zeh@maine.gov, or Amy Mills at amy.mills@maine.gov. Inquiries specifically regarding load data should be directed to Julie Pallozzi at julie.pallozzi@maine.gov.

Description

A. Standard Proposals

1. Residential and Small Non-Residential Standard Offer Service - The Commission is seeking one or more suppliers to provide SOS for 100% of the load of this standard offer class for the term January 1, 2023 - December 31, 2023.

Bids may be submitted for one-third, two-thirds or all of the class.

VP-BHD's residential and small non-residential standard offer customer class (also referred to as the "small standard offer class" or "small class") includes all residential, small general service and lighting accounts that receive standard offer service, with small general service customers defined as those with a peak demand that generally has not exceeded 25 kW.

2. Medium Standard Offer Service - The Commission is seeking proposals for SOS for VP-BHD's medium standard offer customers for a one-year term beginning January 1, 2023. VP-BHD's medium class is comprised of general service customers with peak demands generally between 25 kW and 500 kW. Bids may be submitted for 20%, 40%, 60%, 80% and/or 100% of this class.

3. Large Standard Offer Service- The Commission is seeking proposals for SOS for 100% of the loads of VP-BHD's large standard offer customers for a one-year term beginning January 1, 2023. VP-BHD's large class is comprised of customers with peak demands generally greater than 500 kW. Please note that the Commission is seeking an indexed pricing option for large non-residential customers. See Section 3.7.3 for a description of the structure of indexed bids.

B. Alternative Proposals

As noted above, the Commission is also seeking Alternative Proposals for SOS for these customers to mitigate the price impacts that could otherwise result under the Standard Proposal, including proposals for terms of six months, eighteen months, and two years.¹

*Initial proposals with indicative bid prices are due on **October 11, 2022**.*

1.2 Description of Service Area and Customer Class

VP-BHD's service territory covers 5,275 square miles in eastern and east-coastal Maine and is within the New England Independent System Operator (ISO-NE) control area.

VP-BHD currently serves about 145,000 residential and small non-residential accounts. Retail sales to these customers in calendar year 2021 were about 848,000 megawatt-hours of which approximately 91% currently receives standard offer service; the remainder is supplied by competitive suppliers.

¹ Alternative Proposals must be provided with indicative bids.

VP-BHD's retail sales to medium non-residential customers in calendar year 2021 were about 404,000 megawatt-hours. Currently about 32% of the load of these customers receives standard offer service.

VP-BHD's retail sales to large non-residential customers in 2021 were about 215,000 megawatt-hours. About 11% of the load of this group of customers currently receives standard offer service.

Appendix E includes detailed electricity usage data for calendar year 2021 and year-to date 2022. Additional and more current load data, including hourly loads, settlement loads, and ICAP tags is available at <https://www.maine.gov/mpuc/regulated-utilities/electricity/rfps/standard-offer>

1.3 General Provisions

1.3.1 Standard Offer Service

Chapter 301 of the Maine PUC rules governs standard offer service and is provided as Appendix A. A list and short description of other rules related to retail electricity supply is provided as Appendix B. The complete text of these rules is available on the Commission's web site at www.maine.gov/mpuc

The standard offer provider's legal rights and obligations with respect to providing standard offer service are set forth in the Statement of Commitment (Appendix H) and further described in Appendix J. Bidders must submit a signed Statement of Commitment with their proposals acknowledging and accepting these rights and obligations. Alternative language to that contained in Appendix H will be considered.

Standard offer service is the only type of default service in Maine and is provided directly by standard offer providers to customers at retail. Standard offer providers supply requirements service for their load share and are not assigned particular customers.

Retail standard offer prices are set equal to the bid prices of winning bidders. If there are multiple providers, retail prices are the weighted average of the providers' prices.

The standard offer provider is paid its accepted bid price less the applicable fixed percentage amount for uncollectible revenue as specified in Exhibit A to Standard Offer Provider Agreement (Appendix C).

VP-BHD will bill and collect from customers on behalf of the standard offer provider. The Standard Service Agreement that governs these billing arrangements and other matters between the provider and VP-BHD is provided as Appendix C. VP-BHD charges for the services it provides in accordance with Commission-approved Terms & Conditions. (See Appendix D.) Bidders may propose changes to the Standard Agreement and submit them for consideration.

2. PROCESS AND SCHEDULE

2.1 Key Events and Timing

| | |
|--|--|
| Initial proposals with indicative prices submitted | October 11, 2022 (by 4:00 p.m. EPT) |
| Negotiation of non-price terms <i>(May be with a "short-list" of bidders as determined by indicative prices.)</i> | October 12, 2022 To Completion |
| Final Bid Prices Due/ Commission Decision | To be determined |
| Public Release of Standard Offer Prices | Date of Commission Decision |
| Execution of Standard Service Agreement | Within 24 hours of Commission Decision |
| Submission of Financial Security | Within 3 business days of Commission Decision |
| Public Release of Winning Provider(s) Identity(s) | May be kept confidential for up to 2 weeks after Commission Decision (at provider's request) |
| Service Term Begins | January 1, 2023 |

Changes or updates to this schedule will be posted on the RFP web page or otherwise communicated to bidders.

2.2 Submission of Proposals

Proposals must be received at the Maine PUC by the times and dates indicated. Instructions for submitting proposals will be posted on the Commission's website at <https://www.maine.gov/mpuc/regulated-utilities/electricity/rfps/standard-offer> or otherwise communicated to bidders.

3. PROPOSAL REQUIREMENTS

The following items should be included in the Initial proposals.

3.1 License

Bidder should provide evidence that it has a valid license or an application pending to provide standard offer service in Maine. (Chapter 305 of the Commission's rules governs licensing requirements.) A license application is included in Appendix F or can be obtained from the Commission's web site.

3.2 Financial Security

Bidder should provide certified statement(s) regarding its proposed financial security, including certified statement(s) by guarantors and/or financial institutions that would provide any security. The statements must: (1) describe the amount and form of security to be provided; and (2) represent that the security and the entity providing it meet the applicable requirements and specifications of Chapter 301 and this RFP.

The initial proposal should include audited financial statements of any guarantor, e.g., annual report to stockholders, SEC Form 10K, and the guarantor's most recent credit rating from each rating agency that has issued a rating for the guarantor.

3.3 Statement of Commitment

Bidder should provide a Statement of Commitment signed by an officer of the Company who is duly authorized to commit the Company as described in the Statement. The Commission's preferred Statement of Commitment is provided in Appendix H. Alternative language will be considered.

3.4 EBT

Bidder should demonstrate that it has completed or is enrolled in Maine's electronic business transaction (EBT) training and testing programs.

Maine's EBT standards and training schedules are available from the Commission's web site or from VP-BHD.

3.5 Contingencies

Bidder should note all conditions and contingencies. Please note that any condition or contingency must be: (1) within the control of the Commission; or (2) known at the time final bid prices are evaluated.

3.6 Alternative Terms, Language

Bidder should provide any proposed alternative language to the Standard Agreement, (in the form of a red-line to the Standard Agreement), the Statement of Commitment, or the standard form corporate guaranty.

3.7 Pricing

A. Standard Proposals

3.7.1 Residential and Small Non-Residential Standard Offer Service

Proposals must specify a price for the entire bid period; prices may not be defined by a formula or reference to market or economic indices.

Standard offer prices for this class must be an amount per kWh that does not vary by a customer's usage level, or by month or time of day. Prices may not include any amounts charged on a per-kW, per-customer or fixed-charge basis.

The service requirement for this class pursuant to this RFP is for 100% of the class standard offer load for the period January through December of 2023. Bidders may submit price proposals for all or a portion of the service requirement. A bid for a portion of the service must be in increments of one-third of the service requirement (i.e. one-third or two-thirds).

3.7.2 Medium Standard Offer Service

Proposals may include prices per kW and prices per kWh, or prices per kWh only. Any prices per kW will be billed on the same basis (i.e., billing units) as VP-BHD uses to bill for distribution service. Prices may not vary by time of day and cannot include any amounts charged on a per-customer or fixed-charge basis. Bids for the medium class must be in the form of fixed prices. Bidders may submit price proposals for all or a portion of the service requirement. A bid for a portion of the service must be as a multiple of 20% (i.e., 20%, 40%, 60%, 80%).

3.7.3 Large Standard Offer Service

Bidders may only submit price proposals for 100% of the service requirement.

Proposals may be in the form of fixed or indexed prices.

- Fixed pricing bids may include prices per kW and prices per kWh, or prices per kWh only. Fixed pricing bids for the large standard offer class may vary by time of day; the time of day periods must correspond to, or be compatible with, VP-BHD's time-of-use rate structure.

Indexed pricing bids may be structured such that some costs are recovered through a "fixed" component and others recovered on a "pass-through" basis. Historically, approved structures have included a fixed adder component in \$ per kWh and a fixed capacity component in \$ per kW, with an energy component payment to the supplier based on the ISO-NE settlement quantities for the load asset and the applicable hourly Maine LMP.

Alternatively, this structure has reflected treatment of capacity-related costs as a "pass-through", such that the supplier would be paid for the capacity component, i.e., the load asset "captive" costs on a "pass-through" basis rather than through a fixed, "as bid" capacity component. For energy, the standard offer provider would be paid an energy component based on the ISO-NE settlement quantities for the load asset and the applicable hourly Maine LMP, (i.e., on a pass-through basis) plus a fixed adder component based on the provider's bid and the billed kWh of large class standard offer service customers, net of the uncollectible adder. For bids structured such that capacity costs are recovered through a fixed, "as bid" price, the supplier would be paid based on the bid price and the capacity tag of the load asset, net of the uncollectible adder. (The uncollectible adder for the large class is specified in Exhibit A of the Standard Form Contract.) Retail prices charged to large standard offer customers will be set by the Commission in advance of each month during the term based on (1) the bid of the winning bidder, including any fixed components, and (2) a retail energy component that reflects then-current market prices. The retail energy component is set by reference to the New York Mercantile Exchange (NYMEX) forward market prices for electricity for the applicable month for on-peak and off-peak hours in the ISO-

NE region as settled on the 15th day² of each month prior to the effective date of the standard offer service price.

- Energy charges will be billed to customers on a monthly \$ per-kWh basis. Capacity charges will be billed to customers on a monthly per-kW basis, with each large standard offer customer's kW set in a manner consistent with the large standard offer class Load Asset Coincident Peak Contribution (CPC) established pursuant to ISO-NE Market Rules, in particular, ISO New England Manual for the Forward Capacity Market, Manual M-20, Attachment C.

3.7.4 Term of Service

The Commission is seeking proposals for a one-year term beginning January 1, 2023.

B. Alternative Proposals

The Commission is also seeking Alternative Proposals for SOS for each of these customer classes that would mitigate the price impacts that could otherwise result under the Standard Proposal, including proposals for terms of six months, eighteen months, and two years.

Pricing structures other than those required for Standard Proposals may also be proposed.

The Commission may accept and approve an Alternative Proposal if it finds that the proposal would mitigate SOS prices or otherwise be in the interest of SOS customers.

3.8 Bidder Conditions

Bidder may submit "bidder conditions" with its standard offer service proposal. The bidder's proposal may be made subject to the acceptance by the Commission of the stated conditions. If the Commission accepts the bidder conditions, they will be expressly incorporated into the Commission's order designating the winning bidder. A set of standard form bidder conditions is attached as Appendix L; bidders may propose modifications, if desired.

4. PROVIDER REQUIREMENTS

² If the 15th day of the month occurs on a weekend or holiday such that prices are not published, then prices for the next available date will be used.

4.1 Standard Offer

Standard offer provider must provide service in a manner that complies with applicable Maine law, Commission rules and this RFP at the prices and terms it proposed and which were accepted by the Commission. Standard offer provider is responsible for all costs necessary to fulfill these obligations.

Standard offer provider is responsible for all requirements and costs (and will receive any benefits) pursuant to wholesale market rules that apply to its standard offer load obligation.

4.2 Form of Service

Standard offer service is retail all requirements service. Standard offer service includes all obligations and charges that would be assessed to the load serving entity for the applicable load, including all Locational Marginal Pricing (energy, loss and congestion components), all costs and obligations that arise from nodal settlements for load, all capacity, ancillary services and other products and charges for the load, including any new or redefined products or charges, required to supply the electrical requirements of customers receiving standard offer service at all times during the term of service in a manner that complies with all applicable rules and requirements.

4.3 Losses

Standard offer service includes all transmission and distribution line and transformer losses associated with providing service from the point of supply to the customers' meters. Standard offer provider must provide sufficient quantities of electric capacity, energy, ancillary and all other required products and services to cover all such losses for the loads they are obligated to serve. The factors that are currently used to determine line and transformer losses on VP-BHD's system are contained in Appendix G.

4.4 Load Zone

VP-BHD's service territory is in the Maine Load Zone as defined by ISO-NE Standard Market Design (SMD) and standard offer provider is responsible for all obligations for the applicable standard offer load related to this locational definition and any subsequent redefinition, including nodal settlement for load.

4.5 Transmission Charges

VP-BHD local transmission and distribution charges and Regional Network Service charges for standard offer service are paid by customers through their VP-BHD retail rates and are not the responsibility of the standard offer provider.

4.6 Financial Security

Standard offer provider must provide financial security in accordance with this section and the related provisions in the Standard Agreement.³

1) Base Security Amount:

- **Residential and Small Non-Residential Standard Offer**
 - o \$ 9.0 million
- **Medium Standard Offer**
 - o \$ 2.0 million
- **Large Standard Offer**
 - o \$ 1.0 million (for fixed price proposal) or
 - o \$ 200,000 (for indexed proposal)

If a provider is designated for less than 100% of the load, the above amounts shall be adjusted to reflect the provider's % share.

The Base Security amount for a Large Class Indexed bid shall not decline during the term of service. The base security amounts for the other classes may decline, pro rata, during the term of service. If at any time the total amount of security falls below the amount required by the market-to-market calculation as provided in the Excess Market Exposure Security section below, the utility will request additional security and provider will be required to increase the security as provided under the Agreement.

Excess Market Exposure Security: The incremental replacement cost of standard offer supply during the remaining term of service in excess of the Base Security for the class, as determined from time to time using commercially reasonable practices.

³ Bidders may propose alternatives or modifications to these provisions in the Standard Agreement.

The Base Security must be furnished to VP-BHD with a copy to the Commission no later than three business days after the date the Commission designates the provider such that VP-BHD can access the full amount of the financial security on that date. Any Excess Market Exposure Security required during the term of the obligation must be furnished to VP-BHD no later than three business days after VP-BHD provides notification. The Base Security and, if applicable, Excess Market Exposure Security cannot expire or be cancelled prior to the date 30 days after the end of the applicable term of service unless replacement financial security that meets the requirements of Chapter 301 and this RFP and is accepted by the Commission is provided. The expiration or termination of the financial security shall not affect obligations incurred while the financial security was in effect. The Commission retains the right to obtain further information about any financial security furnished by provider, and final acceptance shall be at the sole discretion of the Commission

2) Instrument:

A **corporate guarantee** must (i) unconditionally obligate the guarantor to pay all obligations of the provider for the costs of replacement service, up to the applicable cap; (ii) be executed by a corporation meeting the applicable credit rating and net worth criteria set forth in the table below; and (iii) conform with the Standard Form Guaranty provided in Appendix K or an accepted alternative.

The amount of any corporate guarantee for any class may not exceed the applicable Guarantee Cap set forth below. If there are multiple suppliers for a class, the guarantee amounts will be adjusted, pro-rata, consistent with the supplier's share of the class. If a provider is selected to serve more than one class of standard offer customer, the Guarantor may provide a combined guarantee document for all classes served so long as the Guarantee Caps set forth below are met.

Rating is the corporate credit rating of Guarantor. If Guarantor does not have a corporate credit rating, then Rating is the rating of Guarantor's senior unsecured debt. If Guarantor has neither a corporate credit rating nor rated senior unsecured debt, then Rating is the rating of Guarantor's senior secured debt. The structure and credit support of the Guarantee shall be the same as the structure and credit support inherent in Guarantor's applicable corporate credit rating, senior unsecured debt rating or senior secured debt rating. If Guarantor is rated by all three of the agencies, two of the three must equal or exceed amounts shown. If Guarantor is rated by two of the agencies, the lower rating will apply.

| Guarantee Caps | | | |
|--|-----------------------|-------------------------|---------------------------|
| Residential and Small Non-Residential | | | |
| Standard Offer | | | |
| Cap is the lesser of the amount in Table 1 or Table 2 | | | |
| | | Table 1 | Table 2 |
| Debt Rating | | % of Tangible | |
| <u>S&P/Fitch</u> | <u>Moody's</u> | <u>Net Worth</u> | <u>\$ Millions</u> |
| AAA | Aaa | 5.0% | \$ 12.0 |
| AA+ | Aa1 | 5.0% | \$ 12.0 |
| AA | Aa2 | 4.0% | \$ 12.0 |
| AA- | Aa3 | 4.0% | \$ 12.0 |
| A+ | A1 | 3.0% | \$ 10.5 |
| A | A2 | 2.5% | \$ 10.5 |
| A- | A3 | 2.0% | \$ 10.5 |
| BBB+ | Baa1 | 1.8% | \$ 9.0 |
| BBB | Baa2 | 1.5% | \$ 9.0 |
| BBB- | Baa3 | 1.0% | \$ 9.0 |
| Below | Below | 0.0% | \$ - |

| Guarantee Caps | | | |
|--|-----------------------|-------------------------|---------------------------|
| Medium Standard Offer | | | |
| Cap is the lesser of the amount in Table 1 or Table 2 | | | |
| | | Table 1 | Table 2 |
| Debt Rating | | % of Tangible | |
| <u>S&P/Fitch</u> | <u>Moody's</u> | <u>Net Worth</u> | <u>\$ Millions</u> |
| AAA | Aaa | 5.0% | \$ 4.0 |
| AA+ | Aa1 | 5.0% | \$ 4.0 |
| AA | Aa2 | 4.0% | \$ 4.0 |
| AA- | Aa3 | 4.0% | \$ 4.0 |
| A+ | A1 | 3.0% | \$ 4.0 |
| A | A2 | 2.5% | \$ 4.0 |
| A- | A3 | 2.0% | \$ 4.0 |
| BBB+ | Baa1 | 1.8% | \$ 2.0 |
| BBB | Baa2 | 1.5% | \$ 2.0 |
| BBB- | Baa3 | 1.0% | \$ 2.0 |
| Below | Below | 0.0% | \$ - |

| Guarantee Caps | | | |
|--|-----------------------|-------------------------|---------------------------|
| Large Standard Offer (Index or Fixed Price) | | | |
| Cap is the lesser of the amount in Table 1 or Table 2 | | | |
| | | Table 1 | Table 2 |
| Debt Rating | | % of Tangible | |
| <u>S&P/Fitch</u> | <u>Moody's</u> | <u>Net Worth</u> | <u>\$ Millions</u> |
| AAA | Aaa | 5.0% | \$ 3.0 |
| AA+ | Aa1 | 5.0% | \$ 3.0 |
| AA | Aa2 | 4.0% | \$ 3.0 |
| AA- | Aa3 | 4.0% | \$ 3.0 |
| A+ | A1 | 3.0% | \$ 3.0 |
| A | A2 | 2.5% | \$ 3.0 |
| A- | A3 | 2.0% | \$ 3.0 |
| BBB+ | Baa1 | 1.8% | \$ 1.0 |
| BBB | Baa2 | 1.5% | \$ 1.0 |
| BBB- | Baa3 | 1.0% | \$ 1.0 |
| Below | Below | 0.0% | \$ - |

Overall Exposure: In addition, the aggregate guarantee exposure to any specific guarantor shall be analyzed under the asset test and the common equity test described in the Commission's Rule 301 §§ (3)(B)(3)(b)(ii) and (iii) respectively. If the aggregate of all guarantees provided by a guarantor for standard offer service in a particular utility's service area fail either test a corporate guarantee will not constitute acceptable security, or will be limited in amount to the level where the test can still be met. Additionally, the Commission, at its discretion, may otherwise limit guarantee amounts. Suppliers that intend to rely on a corporate guarantee must provide sufficient information with their indicative bid to allow the Commission to evaluate their guarantor.

Security requirements in excess of the Guarantee Cap must be provided by: (1) an **irrevocable letter of credit** from a federal or state licensed financial institution satisfying the requirements of section 3 of Chapter 301 and subparagraph (3) below; or (2) **cash** accompanied by proper documentation so as to perfect a security interest.

Any irrevocable letter of credit provided must (i) unconditionally obligate the issuing commercial bank(s) to honor drafts drawn on such letter(s) for the purpose of paying the costs of replacement standard offer service; (ii) be issued by commercial bank(s) with a minimum corporate debt rating

of “BBB+” by Standard & Poor’s or Fitch or “Baa1” by Moody’s, or an equivalent short term debt rating by one of these agencies; and (iii) include the following language: “This letter of credit binds the insurer to pay one or more drafts drawn by Versant Power as long as the drafts do not exceed the total amount of the letter of credit; and that any draft presented by Versant Power will be honored by the issuer upon presentation.”

If the corporate debt ratings of an issuing bank drop below the above specified levels, the standard offer provider shall promptly: (1) notify the Commission’s Director of Electricity and Natural Gas and VP-BHD in writing; and (2) provide replacement security that satisfies the requirements of Chapter 301 and this RFP.

4.7 License

Standard offer provider must at all times during the term of service possess a valid license, pursuant to Chapter 305 of the Commission’s rules, to provide standard offer service. The provider’s license must be effective as of the date it is designated a standard offer provider.

4.8 Standard Offer Service Agreement

Standard offer provider must have an executed Service Agreement with VP-BHD within 24 hours of being designated. (See Appendix C for a Standard Form Service Agreement.)

4.9 Resource Portfolio Requirement

Standard offer provider must comply with the resource portfolio requirements of Chapter 311 of the Commission’s Rules.

4.10 Disclosure Requirement

For the Residential and Small Non-Residential Standard, VP-BHD will produce and make available on its website standard offer service disclosure labels pursuant to Chapter 306 of the Commission’s rules on behalf of standard offer provider. Provider must supply VP-BHD with the information needed to prepare accurate and timely labels to be posted on VP-BHD’s website.

4.11 ISO-NE/NEPOOL Requirements

Standard offer provider (or an affiliate) must comply with all applicable ISO-NE requirements (and those of any successor entity or entities) and shall be the designated load serving entity with a settlement account for the applicable load. The necessary ISO-NE designations and accounts must be effective at least 30 business days prior to the start of the service term.

4.12 EBT

Standard offer provider must exchange data with VP-BHD using the electronic business transactions (EBT) protocols and procedures contained in Maine's EBT standards. The EBT standards are available from the Commission's web site.

4.13 Net Billing, Small Generator Aggregation

Standard offer provider must comply with the net billing requirements of Chapter 313 of the Commission's Rules. Specific information on net billing can be obtained from VP-BHD.

Standard offer provider must comply with the requirements of Chapter 315 of the Commission's Rules. This rule requires that, at the request of an eligible generator, i.e., a generator with capacity of 5 MW or less, the standard offer provider(s) designated to serve residential customers must purchase the aggregated output of such generators in VP's service territory at applicable clearing prices, adjusted for associated administrative expenses, such that the standard offer provider is financially neutral to the transaction. If there are multiple standard offer providers for this class, the output and corresponding purchase obligation will be allocated in proportion to each provider's load obligation. Specific information about eligible generators that have requested this treatment can be obtained from VP-BHD.

5. BILLING AND PAYMENT

5.1 Allocation of Uncollectible Accounts

Standard offer providers are allocated a fixed percentage amount for expected uncollectible revenue in accordance with the Standard Service Agreement. The uncollectible percentage is specified in Exhibit A to the Standard Service Agreement (Appendix C) and will remain fixed for the provider's term of service.

5.2 Payments for Standard Offer Service

VP-BHD will issue bills and receive payments from customers for standard offer service and will transfer funds to the standard offer provider in accordance with the Service Agreement.

Standard offer provider will receive gross revenues less uncollectible revenues for the applicable standard offer sales. Gross revenues are the product of the provider's accepted bid price times the applicable kilowatt and/or kilowatt-hour sales. Uncollectible revenues are the product of the applicable uncollectible percent times gross revenues.

6. PROVIDER LEGAL OBLIGATIONS

6.1 Legal Obligations and Responsibilities

Designation by Commission Order of a bidder as a standard offer provider legally obligates the bidder to provide the applicable service at the offered and accepted prices and terms in accordance with Maine law and regulations and the provisions of this RFP.

6.2 Provider Default

Upon a determination that a standard offer provider has failed to provide service as required or has otherwise failed to fulfill its applicable obligations, the Commission may declare such provider to be in default. If the Commission declares a provider to be in default, the Commission will take one or more actions specified in section 9 of Chapter 301.

The defaulting provider shall be responsible for and obligated to pay the additional costs of replacement standard offer service, as applicable. Additional costs of replacement standard offer service are all costs that are incurred or will be incurred to acquire replacement standard offer service, including supply, administrative and enforcement costs, through the remaining standard offer term that exceed the amounts paid or to be paid by customers at the rates in effect at the time of the Commission's declaration of a provider's default.

If the Commission declares a provider to be in default and there are additional costs of replacement service, it may direct VP-BHD to (1) withhold any payments due to the defaulting provider and use those amounts to cover additional costs of replacement service; and (2) use amounts from the financial security provided by or on behalf of the defaulting provider to cover the additional costs of replacement service.

In the event that the defaulting provider fails to pay the additional costs of replacement service, as ordered by the Commission and the amounts obtained by VP-BHD from the financial security are not sufficient to cover the additional costs of replacement service, the Commission or Maine's Attorney General may bring legal action in Maine courts to fully recover these amounts.

7. OTHER RFP PROVISIONS

7.1 Proprietary Information

A bidder may designate information included in its proposal as proprietary or confidential information. The Commission will take every reasonable step, consistent with law, to protect information that is clearly identified as proprietary or confidential on the page on which it appears. The identity of bidders selected to provide standard offer service, winning bid prices and standard offer prices will be public information.

7.2 Proposal Costs

All costs associated with developing or submitting a proposal in response to this RFP and providing oral or written clarification of its contents are borne by bidder.

7.3 Rights of the Commission

The Commission reserves the right to reject all proposals received in response to this RFP if in its sole determination the bid prices are unreasonably high and acceptance would not be in the public interest. In this situation, the Commission may at its sole discretion terminate the RFP and initiate a new selection process.

The Commission reserves the right to reject any proposal that in its sole determination does not meet the requirements and specifications of this RFP, the Commission's rules, Maine law, or generally accepted business practices. The Commission may ask bidders to clarify or supplement their proposals and may at its sole discretion allow bidders to conform proposals to the required specifications.

7.4 State Held Harmless

The State of Maine, its officers, agents, and employees, including the Maine Public Utilities Commission, Commissioners and the employees or agents of the Maine Public Utilities Commission shall be held harmless from any and all claims, costs, expenses, injuries, liabilities, losses and

damages of every kind and description resulting from or arising out of this RFP, the designation of providers or the provision of service.

7.5. Warranty

The information contained in the RFP and provided subsequently is prepared to assist bidders and does not purport to contain all of the information that may be relevant to bidders. The Commission makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the information. The Commission, its staff and its agents shall not have any liability for any representations expressed or implied in, or any omissions from, the RFP or information obtained by bidders from the Commission, its staff, its agents or any other source.