

Boston Community Capital

Energy Advantage Program

Questions and Answers related to Requests of Qualifications Issued August 30, 2007

September 12, 2007 for Questions 1-29

Questions:

1. Are you anticipating separate proposals from service providers and equipment providers? Page 4 of the Energy Service Providers RFQ seems to imply this.

A: Ideally we will have relationships with service providers responsible for the full project including finance, design, construction and operation of all equipment and services. We expect to enter long-term lease or third party ownership relationships regarding major equipment along ESCO type business models. That said, we are truly seeking the most compelling business propositions regarding how to meet the program goals. If a service provider provides compelling reasons to separate providing services from providing equipment, we will consider it.

2. What role do you expect BCC to have relative to long term PPAs?

A: As outlined in the RFQ, BCC's role is intended to be primarily in the finance arena. The finance role that BCC plays can be structured to best meet the needs of the projects and service providers. BCC will also consider third party guarantees or credit enhancements of the projects' PPA obligations. In regards to renewables, BCC's role could include providing long-term production based incentives (PBIs) that would likely be integral to any long-term power purchase agreements. Depending on the structure of the relationships negotiated, BCC may also have some performance monitoring and verification role.

3. Could you define and describe long-term performance-based power production incentives?

A: PBIs are a form of incentives that pay the difference between the cost of providing power from renewable resources and the costs of power from the grid. They are paid out based on actual metered power production. Unlike capacity based up front subsidies for renewables based on hoped for production, PBIs are only paid for power actually produced, so they help assure that the system operator is keeping the system operating and producing. Increasingly PBIs are seen as a far more effective way to incent renewable energy generation than the older models of subsidies. BCC will be willing to provide guarantees assuring reliable and predictable project income based on PBIs for the negotiated contract period. It is presumed that any such contracts will anticipate future price inflation for conventional power.

4. Do you expect owners of host properties to be willing to own energy assets?

A. We do expect at least some of the owners to be willing to own assets. As a financial institution with a 20 year \$250 million track record, we are willing to provide the appropriate financing necessary to make any truly compelling model work. However, we expect the long-term relationships we are trying to encourage between service providers and properties will be best served with lease, third party ownership, ESCO and/or similar relationships.

5. Are the host property owners non-profit agencies?

A. The host properties are primarily limited partnerships with a mix of for profit and non-profit general partners. Several properties are owned by public housing authorities. If that distinction makes a difference in the proposals, service providers are welcome to stipulate different treatment for each type of entity or propose services for only a limited group of projects based on these criteria.

6. Is BCC a non-profit agency?

A. Yes, Boston Community Capital is a 501(c)(3) corporation.

7. Is the consultant BCC hired to manage renewal FCM assets also going to be handling demand response assets? Can you divulge the name of the consultant?

A. BCC contracted with Conservation Services Group to handle FCM assets for the on-site renewable energy generation commitments only. The decision was made to do this due to the timing of the FCM auction and the relative ease of tying these assets to a renewable energy generation aggregation that CSG was making for the FCM auction. BCC has not contracted for FCM assets relative to energy conservation or other energy services. Nor have any other contracts been entered relative to demand response assets.

8. The RFQ does not ask for any specific certifications of the "Solar Energy Service Provider." Are there any requirements of the potential "Solar Energy Service Providers?" Are there any licenses or certifications such as DCAM, NABCEP certification, MA Master Electrician License that are required?

A. Code requirements regarding a licensed electrician being involved in all electrical work will clearly be required, as will adherence to all other state and local code requirements and ordinances. None of the projects in phase one are state owned properties subject to DCAM oversight. NABCEP and other professional qualifications will certainly be considered in evaluating proposals, though not specifically required. Based on the scope of the program, it is expected that organizations chosen to provide services will be companies who have the kinds of credentials that make them stand out as industry leaders.

9. Will preferential treatment be given to a company that can perform both solar hot water and solar electric services? What if the company is more skilled in one trade than the other but is willing to manage both?

A. Companies which can simplify relationships and processes from the perspective of the host facilities will be favored. In that regard, handling multiple aspects of the projects through a single contractor is generally preferable. That said, real expertise and experience is also preferred over a contractor with minimal experience. It is not necessary that service providers have all design and installation talent in house. Presenting compelling evidence that the team being presented is likely to endure for the long-term relationships that the Energy Advantage Program is designed to foster will be key.

10. Will preferential treatment be given to Massachusetts based companies?

A. No, there is no preferential treatment given to Massachusetts based service providers.

11. There can be an economy of scale achieved by installing systems in close proximity to each other at the same time. Can the Solar Energy Service Provider determine or influence the order in which the facilities are in completed?

A. Yes the service providers will be responsible for scheduling

12. The RFQ states: "Providers must base their proposals on the project data summarized in Attachment A." Does the BCC want draft proposals submitted for solar systems on each site presented in Exhibit A?

A. The reports on the projects identified as solar projects are provided so that service providers can make as compelling a case as possible that they are the right company to be selected to provide such services. It is expected that submissions will include discussion of costs and finances. Whether submissions break down costs on a per project basis or present aggregated pricing and financial information for the entire program is completely at the discretion of the service provider. We expect that any proposal will be detailed and informative enough to form the basis for negotiating contracts with the companies selected for serious consideration. The service provider selection process will allow time for service providers selected for negotiation of contracts to perform their own site evaluation process.

13. There is much administrative burden for work completed on affordable housing projects. (For example, determining specific rate sheets for prevailing wage per site). What administrative services or support will the BCC provide to the Solar Energy Service Provider for these projects?

A. Service providers will be expected to perform their own contract administration. Projects are being aggregated in order to provide some efficiencies and standards. BCC will make best effort to assure that all projects in the program use paperwork recommended by the service providers selected.

14. What will the role of the Solar Energy Service Provider be in administering the rebate paperwork and procuring the rebates?

A. Conventional Massachusetts Technology Collaborative rebates will not be available for projects in the energy Advantage Program. MTC fund have been provided to the Energy Advantage Program to demonstrate an alternative means of efficiently incenting the development of renewable energy production. It is expected that Production Based Incentives based on actual energy production or other mechanisms suggested by the Service Providers will be negotiated. That negotiation will be made between Boston Community Capital and the Service Providers selected. While very low interest loans and production based incentives are available, no upfront subsidies or capacity based rebates will be offered.

15. Will the BCC act as a third party PPA provider?

A. No. However BCC can provide credit guarantees to the parties as necessary to enable such relationships.

16. Can the Solar Energy Service Provider act as a third party owner of the solar generating system, or can the Solar Energy Service Provider bring third party finance partners into the projects?

A. It is expected that some third party ownership is likely to play a role. Either the service provider or another party can play that role as long as the long term relationships between all parties to any proposed arrangement are made clear.

17. Will the projects be required to meet the MTC minimum technical requirements?

A. Other than reporting into the production tracking system, there are no other technical requirements imposed on projects. That said, it is expected that winning proposals will exceed most existing standards or provide compelling evidence as to why such standards are not appropriate.

18. Does BCC have engineers on staff that the Design – Installation Contractor will be required to work with for items such as lightning protection, safety procedures, and equipment selection?

A. No. All preliminary engineering work has been done only to provide adequate information to allow service providers to make thorough proposals. Service providers will be expected to provide all necessary design and engineering services. Professional site inspection will likely be involved prior to release of funds, similar to construction inspections from any commercial construction loan process.

19. How will the Solar Energy Service Provider be asked to work with other partners selected for energy services or other services?

A. That will be determined depending on proposals received. The degree which service providers can simplify relationships and experiences for the project owners and residents will be considered important factors in selecting partners for this program. Proposals that suggest ways to coordinate services effectively will be favored.

20. Did Zapotec Solar have anyone at local AHJ(s) review the Feasibility Studies?

A. No. The feasibility studies were reviewed internally by BCC and by the project owners only. No regulators of any kind have reviewed the reports.

21. Does BCC have a proposed payment schedule? What is the schedule of values that the BCC requires, or will it be part of the negotiations?

A. All such details are negotiable based on proposals from service providers.

22. Once a Solar Energy Service Provider is selected, how will the BCC determine if specific costs of services or equipment supplied by the Solar Energy Service Provider are appropriate?

A. Since it is expected that service providers will be remunerated for providing electric power rather than for equipment, it is really of less concern to BCC or the project site owners what the costs or specifications of the equipment are, since the service provider will only be paid for power produced, not for equipment or installation. Under the PPA or ESCO type relationships expected, BCC's concern will be primarily regarding qualifications, reputation and financial capabilities of the firms making proposals to provide long term services. The other obvious factor is the delivered cost of power. That said, BCC expects that at least some proposals will include requests for low or no interest loans. In cases that BCC is asked to play a lending role, then the costs, technical specifications and other factors related to equipment will play a role in the loan underwriting process as they would in any construction loan. The delivered cost of power, the financial incentives requested and other factors will all be evaluated relative to competing proposals.

23. The solar feasibility studies indicate some unresolved issues on some of the projects such as tree shading or mechanical equipment competing for roof space and requiring non-conventional solutions. Has BCC addressed those issues?

A. The seven projects presented for the solar RFQ were culled from the 27 projects that self selected in response to our request for project proposals. All 27 expressed interest in solar. Based on preliminary review, only 18 had feasibility studies prepared. Of those 18 some were ruled out because of extensive tree cutting that would be required and on others project owners decided to not pursue the solar opportunity after reviewing the reports. The remaining seven projects have owners interested in moving forward and aware of the considerations outlined in the reports. In the case of the VNA Somerville project for which a "solar canopy" has been suggested, BCC has hired a well regarded structural engineering firm to provide a preliminary conceptual design for structural and wind loading connections for the canopy to building structure interface presuming conventional solar rack components. That report will be available on the Energy Advantage Program web site shortly.

24. How will RECs, FCM payments and other financial attributes of renewable energy projects be handled?

A. All such matters are negotiable based on service provider proposals. It is hoped that service providers can propose the most efficient formulas to make their businesses successful in making renewable energy and conservation more competitive with incumbent energy solutions. As stated previously, the reporting for the NE ISO Forward Capacity Market has been contracted. Discussion regarding how revenues from the FCM market, REC markets and other relevant attribute markets are to be handled are expected to be part of service provider proposals. It is expected that service providers will propose managing and allocating such revenues as efficiently as possible in order to enable the most compelling long term energy costs to host facilities with the lowest level of additional incentives from BCC possible on a \$/kWh basis.

25. Are service providers expected to make formal cost proposals based on information provided with the RFQs?

A. Yes. While it is expected that cost and financial information will be a critical part of all proposals, BCC recognizes that final contracts will be subject to site evaluations outlined in the recommended processes provided by Service Providers in their proposals.

26. The reports provided did not include water use data. Water conservation is often one of the best opportunities for saving money and resources. Will water conservation programs be considered?

A. Water conservation proposals are strongly encouraged. We expect water conservation to be an integral part of the entire program.

27. Opportunities for cogeneration and other solutions utilizing conventional fuels did not seem to get the emphasis that renewable energy solutions got. Will combined heat and power projects be considered?

A. Proposals for cogeneration and other appropriate solutions for on-site generation with conventional or non-conventional fuels are strongly encouraged to the degree they meet program goals of helping to stabilize the financial impacts of energy and utility costs on host facilities.

28. Do you have a summary Excel sheet which aggregates the monthly electric and gas usage for all your projects in this RFP?

A. A summary report on all the projects aggregated energy use is being prepared by Bright Power and will be available on the program web site shortly.

29. Does the RFQ require any type of financial modeling with the submittal?

A. There are no requirements for financial modeling. However there is an expectation that service providers will provide compelling evidence that their proposals for long term relationships with the projects are not only competitive, but also financially viable. It would be very hard to make such a case without providing some level of modeling of the proposed financial relationships.

Note: Additional questions and answers will be posted on Monday September 17, 2007.