

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
REQUEST FOR PROPOSALS FOR CARBON FREE ENERGY GENERATION AND/OR
STORAGE LEASES AND LICENSES OF METROPOLITAN WATER DISTRICT
PROPERTY**



SCHEDULE

Request for Proposals (RFP) Distribution	September 11, 2023
Optional Site Visits	October 2, 2023
Request for Clarification Deadline	October 16, 2023
Submission Deadline	November 13, 2023
Evaluation of Proposals	December 1, 2023
Notification of Selection to Final List and Contract Negotiations	December 22, 2023
Determination of Recommended Finalist	January 19, 2024
Board Action	March 12, 2024

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REQUEST FOR PROPOSALS FOR CARBON FREE ENERGY GENERATION AND/OR STORAGE LEASES AND LICENSES OF METROPOLITAN WATER DISTRICT PROPERTY

1. OBJECTIVES OF REQUEST FOR PROPOSALS

The Metropolitan Water District of Southern California (Metropolitan) seeks to lease or license certain property (Property) for use by proposers for carbon free energy generation and/or energy storage uses, which will provide lease or license fee revenues and otherwise benefit Metropolitan and the environment. This Request for Proposals (RFP) seeks to award lease or license rights to the Property to a qualified respondent to the RFP (Respondent). The Respondent developer of carbon free energy generation and/or energy storage facilities will be responsible, at its sole cost and expense, to secure any necessary permits, connection rights, financing, environmental clearance, and other approvals to make use of the Property.

Metropolitan, as owner of the Property, will grant a long term lease or license to the selected proposer to allow the Respondent, at its sole cost and expense, to design, install, own, operate, maintain, service, repair, and ultimately decommission the carbon free energy and/or energy storage facilities and will also be solely responsible for performing, and for paying all of the costs associated with, permitting, designing, owning, insuring, commissioning, interconnecting, metering, decommissioning, and for providing security for the system at all times. The Respondent will also be responsible for payment of all taxes, assessment and charges assessed against the Property.

Through this RFP, Metropolitan is not seeking initially any power purchase agreements (PPA's) and instead solicits land lease or land license structures, with the payment of annual rent payments or license fees. Option agreements for such lease or license structures during initial Property due diligence, permitting and power grid interconnection will also be accepted in conjunction with proposals. However, if a Respondent, after securing a lease or license for land from Metropolitan, later seeks to secure a PPA as part of its business plan in the marketplace, Metropolitan may be open in the future to consider such additional arrangements.

2. OVERVIEW OF SOLICITATION PROCESS

Respondents will be evaluated in phases as follows:

- The first phase consists of Metropolitan making a determination as to whether the Respondent meets the minimum requirements and then scoring qualifying Respondents according to the initial evaluation criteria listed below.

- In the second phase, Metropolitan will invite a group of the highest scoring Respondents as finalists to engage in negotiations of contract terms and refinements of their lease or license proposal. At the end of this phase, Metropolitan shall make a determination at the conclusion of negotiations as to whether: (1) the negotiated lease includes acceptable deal terms; (2) the Respondent provides the best value according to the operational and financial viability and other criteria set forth in this RFP; and (3) the Respondent’s lease and carbon free energy generation and/or storage operational plan serves the best interests of Metropolitan.
3. An evaluation committee will perform the evaluations at each phase. The evaluation committee will recommend the award of leases or licenses to Respondents that serves the best interests of Metropolitan.

Respondents shall address each of the following criteria in their Proposals:

	SCORING CRITERIA	PERCENTAGE
Criteria 1:	Firm Technical Qualifications and Experience	15%
Criteria 2:	Proposed Rent or License Payments	30%
Criteria 3:	Renewable Energy Credit Assignment to Metropolitan	15 %
Criteria 4:	Financial Viability	15%
Criteria 5:	Climate Change Benefits and Promotion of Metropolitan’s Best Interests	15%
Criteria 6:	Operational Plan	10%

4. REQUIRED COMPATIBILITY OF WINNING PROPOSAL WITH METROPOLITAN’S MISSION AND PROMOTION OF CLIMATE ACTION PLAN GOALS

Any proposed carbon free energy generation and/or energy storage use of a given grouping of Metropolitan properties must be compatible with Metropolitan’s statutory authority and mission.

A. Metropolitan’s Mission

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way. Metropolitan is a public agency incorporated in 1928 pursuant to the Metropolitan Water District Act to build the Colorado River Aqueduct, a facility it still owns and operates, and to generally serve regional water needs. Metropolitan imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern

California via the California Aqueduct. Today, Metropolitan provides nearly 60 percent of the water used within its service area.

Metropolitan consists of 26 member agencies that include 14 cities, 11 municipal water districts, and a one-county water authority. Metropolitan is governed by a 38-member Board of Directors comprised from the member agencies.

Metropolitan's service area comprises 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. Existing Metropolitan facilities include a 242-mile-long Colorado River Aqueduct with 5 pumping plants, a distribution system utilizing 8 functional reservoirs, 5 water treatment plants, 43 pressure control structures, 16 hydroelectric plants, and approximately 830 miles of large diameter pipelines.

Metropolitan estimates that approximately 19.0 million people lived in its service area in 2018, based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments and the San Diego Association of Governments.

B. Promotion of Carbon Free Energy under Climate Action Plan

In May 2022, the Metropolitan Board of Directors approved a Climate Action Plan, which established an organizational goal of carbon neutrality by 2045.

Additionally, California Renewables Portfolio Standard Program (SB 100) mandates that emissions from retail electricity be reduced over time. In alignment with these goals, Metropolitan is promoting generation and procurement of carbon free electricity consistent with its carbon neutrality goal. This strategy includes the promotion and availability of low-carbon and carbon free electricity in the marketplace and to also combat climate change that threatens Metropolitan's water supply resiliency and water quality goals.

The current RFP is intended to help Metropolitan address these challenges by increasing the marketplace availability of large-scale carbon free energy production and storage goals stated in its Climate Action Plan, while providing in a secondary manner revenue.

All benefits and uses provided hereunder will further Metropolitan's water supply, conveyance, treatment, storage and other purposes.

C. Protection of Water Supplies and Water Quality

In making the Property available, Metropolitan is not warranting or otherwise offering water supply for the proposed carbon free energy generation or storage use. Whether a proposer's project will require water and in what quantities and from what source will be an element in Metropolitan's consideration of proposals.

5. AVAILABLE METROPOLITAN PROPERTY

Metropolitan seeks proposals from Respondents related to the following Metropolitan-owned Property described in greater detail in Attachment D. Further maps, location information and general property information are also available in the electronic share site at [☐ Palo Verde CFE-RFP Disclosures](#).

By reviewing these Disclosure Materials, potential Respondents acknowledge and agree that Metropolitan makes no representation or warranty regarding the completeness or accuracy of the matters referenced in the Disclosure Materials and any reliance by a potential Respondent on any information or statements therein shall be at the potential Respondent's sole risk. It should also be noted that many of the disclosure materials may cover both the Property subject to this RFP and also lands owned by third parties or lands owned by Metropolitan, but not subject to this RFP.

Furthermore, potential Respondents should note that the Property is being offered "as is" and will require remediation and development as appropriate. **Amongst other conditions, Respondents should take note of the possible presence of unexploded military ordnance and materials on the Property.** Respondents should both refer to materials available in the electronic share site as well as information gathered through their own due diligence.

Respondents should further be aware that although the Metropolitan property listed in this RFP is owned in fee simple by Metropolitan, it may be subject to existing encumbrances such as easements, covenants and other restrictions and may also be subject to local land use and zoning restrictions. By providing this information, Metropolitan makes no warranty or guarantee as to the Property's fitness or viability for any carbon free energy generation or energy storage use.

The Property is being made available by way of a long-term license, lease, temporary easement (for multiple years in length) or other arrangement. In no case will Metropolitan consider disposal of the fee simple interest of the property or the permanent encumbrance of the property, as such properties are needed after the completion of the carbon free energy generation or storage use for other Metropolitan purposes in the future.

Proposers should also note that any Proposal seeking a lease in excess of five years in length may be contingent upon and subject to an "exempt surplus land" finding under the Surplus Land Act and approval of such finding and lease by the California Department of Housing and Community Development. See Gov. Code § 54220, et seq.

Property	Acreage	County	Zoning
Palo Verde Mesa	6,741	Riverside	Natural Assets (Residential, Agriculture, Recreation, Utilities)

6. PROPOSAL SUBMISSION REQUIREMENTS AND FORMAT

Proposals shall provide straightforward, concise information to satisfy the requirements of this RFP and shall not exceed 20 pages.

At a minimum, each Proposal should summarize the following topics: (1) total lease or license term, plus any option periods, if any; (2) proposed annual lease and license fees and delivery of carbon credits or other credits, if any; (3) proposed Megawatts of carbon free energy generation or energy storage system; (4) plans for Property maintenance, security and, at the end of the term, demobilization.

Proposals shall be organized in the following sections and in the order presented below:

- A. Contact Information of Respondent (Attachment A)
- B. Minimum Qualifications
- C. Project Summary
- D. Criteria 1: Firm Technical Qualifications and Experience
- E. Criteria 2: Proposed Rent or License Payments
- F. Criteria 3: Renewable Energy Credit Assignment to Metropolitan
- G. Criteria 4: Financial Viability (Attachment B and optional main body narrative)
- H. Criteria 5: Climate Change Benefits and Promotion of Metropolitan's Best Interests
- I. Criteria 6: Operational Plan
- J. Conflict of Interest Form (Attachment C)

DETAILED SECTION INFORMATION REQUESTED

A. Contact Information of Respondent

1. Please complete the Contact Information Form (Attachment A) and attach to your Proposal as a cover sheet.

B. Minimum Qualifications

In order to be considered for possible award of a license or lease under this RFP, a Respondent must meet the minimum qualifications listed below. A Respondent's Proposal will be deemed non-responsive if it does not meet the following minimum qualifications:

1. Respondent's business has been in existence for at least five years and engaged in carbon free energy generation and/or storage. Please list business or project name that satisfies the minimum qualification.
2. Respondent has experience in developing sites equal to at least half the acreage or megawatts of power generation or energy storage being proposed. Please list business or project name.

C. Project Summary

1. Provide an executive summary of the proposed project. If proposed, CFE generation may include photovoltaic (PV), wind, hydrogen produced with renewable power, or other eligible resources.
2. Provide a description of proposed permitting, environmental clearance, and operation timelines.
3. Identification of desired lease or license term of years and option periods (if any).
4. Provide other pertinent project information.

D. Criteria 1: Firm Technical Qualifications and Experience

1. Describe your firm's qualifications and expertise and why your firm is best suited to be awarded a license or lease under this RFP. Please describe your firm's overall technical competence and qualifications. Please include years of operation.
2. Identify key personnel and subcontractors, as appropriate, with job titles, education, licenses and certifications. List years of experience of the Respondent Team in project delivery of the designated project (CFE generation or storage).
3. List previous projects developed and/or permitted and approved and description of power generated, and acreage occupied. List number of megawatts being generated or stored at operational sites and number of megawatts to be generated or stored for projects only in planning and entitlement stage. List percentage of operational sites that are owned and leased. References and contact information for previous projects are desired.

E. Criteria 2: Proposed Rent or License Payments

Provide proposed rent or licensee fee payment structure. Total rent or license payments, including any option payments, will be measured over the planned term of the project. Proposals that provide up-front payments or non-refundable option or payments will also be looked upon favorably.

F. Criteria 3: Renewable Energy Credit Assignment to Metropolitan

Describe whether Respondent will assign, as part of the rent or license payment compensation to Metropolitan, any renewable energy credits = (“RECs”) and the amount of credits that the project is anticipated to generate. If assigned to Metropolitan, such RECs shall be assigned and made available to Metropolitan as partial consideration for the license or lease.

G. Criteria 4: Financial Viability

Please complete the Financial Information form (Attachment B) and submit as part of your proposal. Please also provide additional, relevant organizational and financial information in narrative form as part of the main body of the Proposal.

H. Criteria 5: Climate Change Benefits and Promotion of Metropolitan’s Best Interests.

Describe the project’s climate change mitigation benefits and consistency with Metropolitan’s water related goals. Proposals that have greater benefits to offset or mitigate the effects of climate change and create benefits for water supply and other water related benefits will be looked upon favorably. Total megawatts of clean energy generated or stored, and other environmental benefits should be outlined.

I. Criteria 6: Operational Plan.

The Proposal should outline both site security and improvement maintenance plans, as well as both financial and contractor plans, criteria or assurances for restoration of the Property after the end of the license or lease.

J. Completed Conflict of Interest Statement (forms of the document is attached hereto as Attachment B).

7. RFP Process

A. Distribution

The RFP will be available on **September 11, 2023** on Metropolitan’s website at [MWD | Real Property Assets \(mwdh2o.com\)](http://MWD | Real Property Assets (mwdh2o.com)).

B. Optional Site Visit(s)

Respondents will have the opportunity to visit the subject parcels on October 2, 2023. Requests for site visits must be submitted via email to CFERFP@mwdh2o.com by September 22, 2023. In the event of COVID-19 government orders or guidelines, site visits may be subject to certain restrictions and guidelines as to the number of visitors, social distancing and face masks. Metropolitan will try to accommodate as many site visit requests as logistically possible in conformance with the established public health pandemic regulations. If there are issues with accommodating all site visit requests, then Metropolitan will limit site visits to one person per prospective respondent and/or reserve site visits based on which requests were submitted first.

C. Requests for Clarification

Respondents requesting clarification to any section of this RFP must submit all requests via email to CFERFP@mwdh2o.com by no later than **5:00 p.m. PDT, October 16 2023**. Metropolitan will respond to questions directly to each Respondent and also reproduce and make available a restatement of all questions and answers to all Respondents. If necessary, any clarifications or addenda to the RFP will be posted on Metropolitan's website at [MWD | Real Property Assets \(mwdh2o.com\)](http://MWD | Real Property Assets (mwdh2o.com)) for any material information or changes to the RFP.

D. Proposal Submission Process

All Proposals must be submitted **via e-mail to CFERFP@mwdh2o.com** by no later than **11:59 p.m., PDT on November 13, 2023** in accordance with the submittal instructions below. Respondents are encouraged to carefully review this RFP in its entirety prior to the preparation and submittal of the Response. Failure to submit a complete Response which meets all RFP requirements may result in a non-responsive determination and be rejected.

Respondents are solely responsible for familiarizing themselves with all the necessary steps to ensure that Proposals are submitted online correctly and completely, both in form and content, and within the stipulated deadline. **Faxed, mailed or hand-delivered Proposals will not be accepted.**

E. Evaluation of Proposals and Satisfaction of Minimum Qualifications

All submitted Proposals will be evaluated by an evaluation committee to verify compliance with submission requirements and to canvas interests in available properties.

During the evaluation process, Metropolitan may request clarification or additional documentation including financial viability from Respondents. Respondents should not misconstrue a request for clarification as an invitation to enter into negotiations nor an agreement.

All Proposals will be evaluated to confirm compliance with the minimum requirements.

F. Notification of Selection to Final List

An evaluation committee will evaluate all Proposals while applying the minimum qualification criteria. If Metropolitan determines, in its sole and absolute discretion, that it would be appropriate to proceed further with the solicitation, a pool of finalists will be notified of the opportunity and procedures to enter into direct negotiations and for submitting supplemental information. The lead, recommended proposal as determined by the evaluation committee will then be forwarded for consideration and possible award of a lease agreement or license agreement by the Metropolitan Board of Directors.

If Metropolitan opts, in its sole and absolute discretion, to not make the Property available for carbon free energy generation and/or storage, it will notify Respondents by website announcement or direct communication.

8. NO GUARANTEE OR PROMISE OF CONTRACT

By issuing this RFP, Metropolitan makes no guarantee or promise that it will ultimately issue any lease agreement or license agreement hereunder. Metropolitan shall not be liable for any pre-contractual expenses incurred by respondents in the preparation of PROPOSALS or other materials.

9. PROPOSALS SUBJECT TO PUBLIC DISCLOSURE

Metropolitan is subject to the Public Records Act, California Government Code Sections 6250 et. seq. As such, all required submittal information is subject to disclosure to the general public. Consequently, unless specifically required by the solicitation, respondents should not submit confidential data such as driver's license information, social security numbers, or trade secret information.

10. RIGHTS RESERVED TO METROPOLITAN

In addition to rights established elsewhere in this RFP, Metropolitan reserves the right to:

- A. Reject any or all Proposals;
- B. Confirm at any time during the RFP process that the Respondent is able and responsible to undertake the tenancy or license in the manner proposed, taking into consideration information in any proposal, interview conducted, or additional information acquired by Metropolitan;
- C. Select the Respondent most advantageous to Metropolitan;
- D. Verify all information submitted as part of a Proposal;

- E. Withdraw this RFP at any time without prior notice;
- F. Decide not to award any license or lease to any Respondent responding to this RFP;
- G. Award its total requirements to one Respondent or to apportion those requirements among two or more Respondents as Metropolitan may deem to be in its best interests;
- H. Negotiate the final contract with any Respondent(s) as necessary to serve the best interests of Metropolitan;
- I. Amend the RFP;
- J. Amend any final contract(s) to incorporate necessary attachments and exhibits or to reflect negotiations between Metropolitan and the successful Respondent.