

Request for Proposals: Puerto Rico Resilient Critical Facility Microgrid Initiative

Rocky Mountain Institute Islands Energy Program

Puerto Rico Renewable Energy Pipeline Analysis and Financial Vehicle Consulting



1. About Rocky Mountain Institute

Rocky Mountain Institute (RMI) is an independent, nonpartisan nonprofit cofounded in 1982. RMI now has approximately 250 full-time staff, annual operations of \$60+ million, and a global reach and reputation. RMI engages businesses, communities, institutions, and entrepreneurs to accelerate the adoption of market-based solutions that cost-effectively shift from fossil fuels to efficiency and renewables. They employ rigorous research, analysis, and whole-systems expertise to develop breakthrough insights. RMI convenes and collaborates with diverse partners—business, government, academic, nonprofit, philanthropic, and military—to accelerate and scale solutions.

2. Project Background and Overview: Puerto Rico Resilient Critical Facility Initiative

Puerto Rico's electricity system remains highly vulnerable. The island has recently faced hurricanes, earthquakes, and drought and now is handling a rapidly moving pandemic. The fragile state of public utilities, particularly the power sector, makes communities vulnerable to frequent and periodically long-duration power outages.

To pursue resilience, drawing upon the initiative and capabilities of communities first and foremost is not only attuned to the particularities of Puerto Rico, but increasingly a leading strategy for securing a clean, equitable, and resilient energy transition. As energy systems to provide resilient power become increasingly cost competitive, the potential for finance to unlock this market and move past grant-based modalities is clear. Presently, microgrid solutions are not affordable to the individuals, organizations, and businesses who need them most, especially low- to moderate-income groups. Residents and businesses in these communities cannot afford the high up-front costs of solar (often tens of thousands of dollars or more) and have low-to-no credit history, posing a barrier to qualifying for financing.

The Puerto Rico Resilient Critical Facility Microgrid Initiative, an ongoing partnership between Rocky Mountain Institute, The Rockefeller Foundation, Resilient Power Puerto Rico, and Fundación Comunitaria de Puerto Rico, as well as other partners, is designed specifically to use blended finance to scale clean-energy solutions to hundreds of critical facilities. In the coming year, the team will initiate five pilots (testing new mechanisms for finance and operations and maintenance, and leveraging public programs), define and advance a broad pipeline of projects and prepared community leaders, and develop a scaled finance mechanism supported by local and international investors as well as philanthropy. The initiative will also work to leverage federal funding to enable scale. While the core focus of the work will be on critical facilities, the fund may also include commercial scale deployments in the project portfolio. The work outlined in this RFP focuses on the elements needed to create this fund.

Objectives

The initiative is looking to partner with an individual or consulting firm (hereon referred to as the consultant) to conduct research on the renewable energy pipeline in Puerto Rico and assist the team as they work to create a fund to support the deployment of microgrids at critical facilities in Puerto Rico.

The consultant or consulting firm will focus on the following objectives:

- 1) Determining the size of the pipeline of bankable renewable energy projects which will inform total fund size. This includes systems that support critical facilities (starting at 15 kW of solar and 15 kWh of storage), larger commercial and industrial systems that may serve either the critical or full load, mini-grids, and utility scale renewable energy generation projects (greater than 1MW).
- 2) Provide subject matter expertise, consulting, and comprehensive recommendations as the initiative team works with partners and other experts to define, attract and select partners, and fundraise for a new blended finance fund focused on Puerto Rico.

3. Scope

The consultant or consulting firm will provide the following services to RMI over the course of three months (~60 working days).

Pipeline

1. The consultant or consulting firm will act as a financial advisor to assist RMI in the sizing of the Puerto Rico resilient critical facility pipeline.
2. Propose a structure to group renewable energy projects by size based on the Puerto Rico market.
3. Estimate the aggregate Puerto Rico pipeline of investable projects that can be brought from concept to completion. This includes creating different scenarios for the adoption of renewable energy in Puerto Rico that take into account techno-economic factors and potential governmental shifts. Specific outputs will include:
 - a. Average size of individual projects on an annual basis by type noted in #2 above.
 - b. Number of projects on an annual basis by type noted in #2 above.
 - c. Note: Both and island wide and regional projections should be delivered
4. Identify the potential impact of policies, regulations, and law changes to the renewable energy pipeline in Puerto Rico. These impacts should be taken into account during the creation of the scenarios highlighted in #3 above.
5. Identify key challenges and barriers to the widespread adoption of renewables in Puerto Rico during the next 5-7 years.
6. Propose solutions for key challenges and barriers highlighted in #5 above focusing on the role of the initiative.
7. Provide recommendations on how to best create an enabling environment that supports a consistent investible project pipeline.
8. Determine feasibility of securitization including timing.

Fund Creation

1. The consultant or consulting firm will act as a financial advisor to assist RMI in setting up the Puerto Rico Resilient Critical Facility Initiative blended financing fund.
2. Provide case analysis of similar funding initiatives that are achieving successful results.
3. Provide recommendations on how to create a blended finance mechanism that will attract both investors and projects.
4. Assist the initiative team as they determine whether to create a separate fund for granted and financial capital or to create one fund.
5. Provide insights on how to select a fund administrator that has a strong network in the international investment community and possesses or can quickly acquire strong knowledge of the Puerto Rico market.

6. Assist the initiative team throughout the procurement of an experienced, trusted, well networked, and respected fund administrator.
7. Determine the proportion of granted versus financial capital needed to develop a healthy bankable and steady pipeline of projects.
8. Provide recommendations on how to take advantage of risk mitigation tools to drive investor interest for the fund.
9. Provide recommendations on how to scale private and granted capital flow into the microgrid infrastructure fund.

Project Management and Other Responsibilities

1. The consultant or consulting firm will provide expert advice and will respond to RMI's pipeline and fund related questions as needed during the consultancy period. Sample Questions Include:
 - a. Is there a gap in financing for microgrid and utility scale projects in Puerto Rico? If so, how large is the gap? Is this gap larger for certain segments of the industry (i.e. utility scale) than others?
 - b. What is the benefit between of using a loan loss reserve vs. a guarantee?
2. The consultant or consulting firm will provide estimates of how the pipeline and fund may perform for all stakeholders; using metrics such as:
 - a. For investors: return and default rates, risk-return relation, standard deviation from the expected return, Sharpe ratio.
 - b. For potential renewable energy project owners: Down payment percentage, interest rates and general loan terms.
3. The consultant or consulting firm representative will join RMI and/or other members of the coalition in relevant calls where financial advice is needed.
4. The consultant or consulting firm will propose modifications to the envisaged project if needed including appropriate corrective actions.

It is expected that the consultant will engage with renewable developers, banks and “cooperativas” (credit unions), government leaders, and others involved in the renewable energy space. It is possible that interviews will need to occur in Spanish. The consultant or consulting firm will research the items above as they apply and relate to the Puerto Rico renewable energy market and compile findings and recommendations in a format to be delivered to RMI in the form described in the Description of Key Deliverables section.

4. Timeline and Project Management

4.1 Timeline of Application Process (August 10 – September 11)

Date	Milestone
August 10, 2020	Procurement Kickoff
August 24, 2020	Deadline for submitting questions via email
August 31, 2020	Proposal is due – see full details within Section 7
August 31 - September 9, 2020	Proposal review, interview sessions and consultant selection by initiative team
September 11, 2020	Notification of final decision

4.2 Timeline of Consultancy Key Dates (September 14 – December 14)

Date	Milestone
September 14, 2020	<ul style="list-style-type: none"> ● Kickoff Meeting
Week of October 12, 2020	<ul style="list-style-type: none"> ● Interim presentation during weekly meeting
Week of November 12, 2020	<ul style="list-style-type: none"> ● Interim presentation during weekly meeting
Week of December 7, 2020	<ul style="list-style-type: none"> ● Final presentation
December 14, 2020	<ul style="list-style-type: none"> ● Engagement Closeout: Final Deliverables (Final Report, Brief Report and PowerPoint Presentation)

Notes: weekly meetings will be held during the consultancy timeline.

Description of Key Deliverables

Deliverable	Description
Final Report	<ul style="list-style-type: none"> ● This report should provide a thorough analysis on the overall project, pipeline and fund creation sections described in the scope of work section. This report will include the following sections, and may include additional sections per the discretion of the consultant: <ul style="list-style-type: none"> ○ Executive Summary. ○ Detailed research approach. ○ Relevant successful fund deployments in the past including key lessons that this fund can employ (3-5). ○ Detailed Results and findings. ○ Challenges. ○ Recommendations. ○ Roadmap of next steps.
Summary Report	<ul style="list-style-type: none"> ● This 2-3-page report is a summarized version of the final written report. It is intended to provide external stakeholders without subject matter expertise an overview of methodology and findings. <ul style="list-style-type: none"> ○ Executive summary. ○ Summary of research approach. ○ Key findings and challenges. ○ Recommendations. ○ Roadmap of next steps.

Final PowerPoint Deck	<ul style="list-style-type: none"> ● This PowerPoint deck is intended to be used by the initiative team to inform external stakeholders about the project. It should clearly show the methodology, key findings and recommendations generated during the consultancy. <ul style="list-style-type: none"> ○ Short Summary. ○ Findings and Challenges. ○ Recommendations and Next Steps.
Data Collected During Research Process	<ul style="list-style-type: none"> ● This includes: <ul style="list-style-type: none"> ○ Spreadsheets used for analysis. ○ Notes from stakeholder interviews. ○ Contact lists.

Client Points of Contact (CPOC)

Michael Liebman, who manages the Puerto Rico Resilient Critical Facility Microgrid Initiative, will be the primary CPOC for all project decisions and deliverable signoffs. Max Lainfiesta, Senior Associate will be the secondary CPOC. Roy Torbert will provide project oversight for the Puerto Rico Resilient Critical Facility Microgrid Initiative.

5. Stakeholder Roles and Responsibilities

This section provides a brief description of key stakeholder roles and responsibilities.

Stakeholder	Roles and Responsibilities
Client Points of Contact (CPOC)	<ul style="list-style-type: none"> • Responsible and accountable for providing signoff on project deliverables • Consulted for feedback/input on deliverables throughout development process • Informed of engagement progress on a weekly basis
Consultant or consulting firm Engagement Leads (EL)	<ul style="list-style-type: none"> • Responsible and accountable for execution of all work stated within SOW • Responsible and accountable for managing and coordinating project delivery • Responsible for consultant or consulting firm resource allocation, risk management, project priorities, and communication to executive management • Responsible and accountable for weekly engagement update meetings with client • Provide team leadership throughout the engagement

Consultant or consulting firm	<ul style="list-style-type: none"> • Responsible for delivery of all work products or deliverables related to their research domain • Responsible and accountable for attending all meetings and working sessions related to deliverable development
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6. Qualifications

Desired qualifications are included below:

- Background creating and implementing funds in developing economies
- Deep financial expertise specifically on de-risking investments
- Knowledgeable on the fundraising process, specifically on engaging with financial organizations including investment banks
- Strong financial network specifically with New York based firms
- Experience working in developing economies
- Experience conducting data driven scenario analysis that includes industry wide forecasts
- Prepared to engage with a variety of stakeholders in a professional manner
- Strong project management experience including delivering high quality documents and presentations on schedule
- Clear communicator, including to those without subject matter expertise
- Brings a positive mindset and solution-oriented approach to the work

7. Application Process

If you are interested in participating of this procurement process, please submit your proposal per the guidelines highlighted below and according to the dates stated in Section 4.

- **Proposal:** The proposal shall include answers to the following questions and be no longer than 5 pages, single spaced.
 - Please provide an overview of your experience and qualifications, addressing the following:
 - Please outline your experience creating or working on funds in the following regions: Caribbean, Latin America, Southeast Asia, Africa, and other Island nations
 - Please outline your experience with the financial industry and advancing innovative finance projects
 - Please highlight your experience and familiarity with Puerto Rico's energy and financial sector
 - Please outline your experience working with renewable energy projects
 - Please describe your experience conducting analysis that factors in changing political environments
 - Please discuss your ability to conduct stakeholder interviews in Spanish
- **Team Overview:** Please identify the individuals or team members that will be working on this project and summarize the resumes of the key staff including leads for the project. Note: Not included in the 5 pages highlighted above.
- **Budget:** Please include a budget. The initiative team is currently estimating that this work will necessitate 2-3 staff at 50-70% over the 3-month period. Note: Not included in the 5 pages highlighted above.

All responses from interested sources shall directly address how their qualifications best apply to the scope of work. Key application information is highlighted below:

- The email subject line must be “Request for Proposal: Puerto Rico Resilient Critical Facility Microgrid Initiative”
- Name, address of company and / or individual
- Point of contact including name, title, phone, and email address
- All responses shall be submitted in pdf via e-mail to Michael Liebman MLiebman@rmi.org and to Shelley Backstrom sbackstrom@rmi.org. Electronic files in excess of 10MB will not be accepted.
- Any individuals or organizations interested in working with RMI on the Request for Proposal: Puerto Rico Resilient Critical Facility Microgrid Initiative shall provide a response to this notice and it must be received by the response date August 31, 2020 at 5 PM, Mountain time. Questions shall be submitted via email by August 24, 2020. Telephone calls (outside of the interview noted above) will not be accepted.