

**Key Elements to a  
Sustainable IPP/PPA Deal  
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**Rajnish Barua, Ph.D.**

Director, Integrated Resource Planning Division  
**Maryland Public Service Commission**

6 St. Paul Street

Baltimore, MD 21202

Tel: 410-767-8024

E-mail: [rbarua@psc.state.md.us](mailto:rbarua@psc.state.md.us)

# **Request for Proposals For Wholesale Electric Power Supply (1)**

## **Services Requested**

Supply Requirement Overview

Product Definition

Customer Restrictions

## **Eligibility of Applicants**

Submittal of Expression of Interest

Confidentiality Agreement

Submittal of Credit Application and Financial Information

Cure Time for Deficiencies in Qualification Requirements

Bid Assurance Collateral and Alternative Letter of Credit Form

Alternative Forms of Performance Assurance

# **Request for Proposals For Wholesale Electric Power Supply (2)**

## **Proposals**

Bid Format

Submittal of Proposals

Conforming Proposals

Expiration of Proposals

Evaluation of Proposals

## **Reserved Rights**

Bidder Elimination Right

Termination Right

# **Request for Proposals For Wholesale Electric Power Supply (3)**

## **Miscellaneous**

Warranty on Information

Hold Harmless

Proposals Become Property of Utility

Bidder's Acceptance

Permits, Licenses, and Compliance with other aspects of the Law

Proprietary Information

Disclosure of Awarded Bid Information

Regulatory Approvals

# Key ingredients in a PPA (1)

## Suggested Items in a POWER PURCHASE AGREEMENT

- **DEFINITIONS**
- **TERMS AND CONDITIONS**
  - Seller's Obligation to Provide Services
  - Buyer's Obligation to Take Service
  - Transmission Service and Distribution Service
  - Governing Terms
- **SCHEDULING, FORECASTING, AND INFORMATION SHARING**
- **DETERMINATION OF DELIVERED QUANTITIES**
  - Monthly Settlement Load
  - Base Load and Increment Load Percentages

# Key ingredients in a PPA (2)

- **BILLING AND SETTLEMENT**
  - Billing
  - Payment of the Invoice
  - Netting of Payments
  - Billing Disputes and Adjustments of Invoices
  - Interests on Unpaid Balances
- **TAXES**
- **INDEMNIFICATION**
  - Seller's Indemnification for Third-Party Claims
  - Buyer's Indemnification for Third-Party Claims
  - Indemnification Procedures
  - Survival of Indemnification Provisions

# Key ingredients in a PPA (3)

- **LIMITATIONS ON LIABILITY**
- **FORCE MAJEURE**
- **EVENTS OF DEFAULT; REMEDIES**
- **DISPUTE RESOLUTION**
  - **Informal Dispute Resolution**
  - **Binding Arbitration**
- **PERFORMANCE ASSURANCE/ACCELERATED PAYMENTS**
- **REPRESENTATIONS AND WARRANTIES**

# Key ingredients in a PPA (4)

- **MISCELLANEOUS**

- Notices, Rules of Interpretation
- Audit, Confidentiality
- Successors
- Assignment/Change in Corporate Identity
- Governing Law, Jurisdiction and Venue
- Amendments
- Delay and Waiver
- Regulatory Approvals

# Salient features for a successful PPA

- Assemble a good internal team of engineers, lawyers, and financial analysts.
- Know what electricity product your agency seeks and what are the legal and technical parameters.
- Hire a good external consultant to assist your agency through the process; this consultant has to be independent of utilities, bidders, and other participants.
- Create a process that is transparent with a continuous review mechanism -  
- sanctity of the process is important.
- Keeping certain market information confidential is acceptable.
- Please do not “second-guess” your team members; rather, record possible changes for the next round of such a PPA.
- Weigh the need for a long-term PPA vis-à-vis the flexibility to change with a short-term PPA.