



**State of Washington  
Energy Facility Site Evaluation Council**

**REQUEST FOR QUALIFICATIONS  
RFQ # 01-08**

***Project Title:* Independent Qualified Organizations (IQOs) for Third Party Carbon Dioxide Mitigation Program**

***Due Date: January 14, 2009***

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## SECTION A. SUMMARY

### 1. Purpose of Request for Qualifications (RFQ)

The Energy Facility Site Evaluation Council, EFSEC, provides a "one-stop" siting process for major energy facilities in the State of Washington. The Council is responsible for the process for evaluating and licensing major energy facilities in Washington. EFSEC makes its siting recommendation to the Governor. If a project is approved by the Governor, EFSEC specifies the conditions of construction and operation; issues permits in lieu of any other individual state or local agency authority; and manages an environmental and safety oversight program of facility and site operations.

[Chapter 80.70](#) Revised Code of Washington (RCW) requires that certain energy facilities mitigate twenty percent of the carbon dioxide emitted from the facility. [RCW 80.70.050](#) requires EFSEC to maintain a list of third party independent qualified organizations (IQOs) that could select and monitor carbon dioxide mitigation projects for energy facilities.

The purpose of this RFQ is to identify organizations or companies that have proven experience and the ability to select and ensure carbon dioxide mitigation activities and that have a proven track record and that can carry out such activities in an efficient, reliable, and cost-effective manner. If selected, these organizations or companies will be placed on a list of third party IQO's and be eligible for selection to receive carbon dioxide mitigation funds.

### 2. Background

The state legislature passed Chapter [80.70 RCW](#) in 2004 with the intent to establish statewide mitigation of carbon dioxide from fossil-fueled thermal electrical generation facilities. The mitigation is to be accomplished through one of three methods:

- payment to a third party,
- direct purchase of permanent carbon credits, or
- investment in an applicant-controlled carbon dioxide mitigation project.

For the "payment to a third party" option, the statute directs EFSEC to develop and maintain a list of qualified organizations. This RFQ partially satisfies that requirement.

For further information please see: [Chapter 463-80](#) of the Washington Administrative Code (WAC) that outlines EFSEC's carbon dioxide mitigation requirements. Specifically see [WAC 463-80-090](#) for the development of an IQO list; [WAC 463-80-100](#) for an IQO's use of funds; [WAC 463-80-110](#) for IQO oversight; and [WAC 463-80-120](#) IQO biennial reports to EFSEC. (Attachment A)

### 3. Scope

After the candidate IQO has successfully completed the EFSEC screening process and has been placed on the list, the IQO may receive funds from energy facilities under EFSEC jurisdiction, who are subject to Chapter [80.70 RCW](#) and who choose the "third party payment" option.

The selection of an IQO from the list will be at the discretion of the owner or operator of an energy facility. Any contract or agreement between the IQO and the energy facility

will be solely between those organizations. EFSEC will not contract or manage the exchange of funds between the two organizations, but will monitor the activity to ensure compliance with Chapters [80.70 RCW](#) and [463-80 WAC](#).

The IQO will remain on the list until it is removed at the organization's request, or if EFSEC determines the IQO is no longer capable or qualified to implement carbon mitigation programs or activities in accordance with the requirements contained in Chapter [463-80 WAC](#). At its sole discretion, EFSEC may update the list by issuing subsequent RFQs.

#### **4. Minimum Qualifications**

- a. A company or organization must demonstrate experience in the following in order to be considered under this RFQ:
  - Energy Efficiency;
  - Renewable energy project's;
  - Clean and efficient transportation measures;
  - Demand side management of electricity consumption; and
  - Carbon sequestration programs.
- b. A company or organization must have expertise in the science and economics of greenhouse gas emissions mitigation, including proven ability to:
  - Specify preferred offset types;
  - Develop and issue requests for proposal;
  - Evaluate and recommend projects;
  - Assemble diverse portfolios;
  - Negotiate offset contracts;
  - Design monitoring and verification protocols, manage the implementation of offset contracts;
  - Maintain an offset registry and track retired tons of carbon dioxide.
- c. A company or organization must provide sufficient information to demonstrate that it is financially stable and viable to fully meet all of its obligations should it be chosen to provide third party carbon dioxide mitigation.
- d. A new organization made up of experienced employees, or an existing organization with demonstrated accomplishments, may qualify. Each must have proven experience and/or demonstrated ability in a through c above.

#### **5. ADA**

EFSEC complies with the Americans with Disabilities Act (ADA). Applicants may contact the RFQ Coordinator to receive this RFQ in Braille or on tape.

#### **6. Definitions.**

The following terms, which appear in this RFQ, have the meaning that is defined below for the purposes of this RFQ:

- a. "EFSEC" means the Washington state energy facility site evaluation council created by [RCW 80.50.030](#) and its staff.

- b. "IQO" means a third-party company or organization that is independent of any energy facility that emits carbon dioxide and is recognized by the council to receive payment for selection, monitoring, and evaluation of carbon dioxide emissions mitigation activities.
- c. "Mitigation project" means projects or actions that are implemented to mitigate the emission of carbon dioxide produced by a fossil-fueled thermal electric generation facility. (see [WAC 463-80-020](#) for an expanded definition)

## **SECTION B. RFQ INFORMATION**

### **1. Contact Information**

All communications concerning this RFQ should be directed to the RFQ Coordinator listed below.

Contact: Allen Fiksdal, Manager  
Energy Facility Site Evaluation Council

Mailing Address: PO Box 43172  
Olympia, WA 98504-3172

Physical Address: 905 Plum Street SE, Third Floor  
Olympia, WA 98504

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### **2. No Contracts Awarded**

There will be no contracts with EFSEC. The purpose of this RFQ is to develop a list of eligible organizations to be third party IQOs that are qualified to evaluate, select, and monitor viable carbon dioxide mitigation projects. Selection of an IQO from the list will be at the discretion of each new energy facility and any contract or agreement will be negotiated directly between the IQO and that energy facility.

### **3. Ethics**

Specific restrictions apply to contracting with current or former state employees pursuant to Chapter [42.52](#) of the Revised Code of Washington. Potential IQO's should familiarize themselves with the requirements prior to submitting a Statement of Qualification. Although no contracts will be awarded by EFSEC with this RFQ the provisions of Chapter [42.52 RCW](#) will be followed.

### **4. Proprietary Information/Public Disclosure**

Materials submitted in response to this RFQ will become the property of EFSEC. All Proposals, quotes, lists, evaluation documents and other documents that make up this Procurement will remain confidential until:

- a. EFSEC makes it available to the public pursuant to Chapter [42.56 RCW](#); or,
- b. If EFSEC receives a request to view or copy a Statement of Qualifications, EFSEC will respond according to applicable law and EFSEC policy governing

public disclosure. EFSEC will not disclose any information marked "Proprietary" in a Proposal without giving the owner ten (10) days notice to seek a court injunction against the disclosure. Applicants may not mark their entire Proposal proprietary.

**5. Communications**

All communications concerning this RFQ should be directed only to the RFQ Coordinator. Proposals should be based on the material contained in this RFQ, any related amendment(s), and any questions and answers directed through the RFQ Coordinator.

**6. Retraction of this RFQ**

EFSEC reserves the right to retract this RFQ in whole, or in part, at any time without penalty.

**7. Submission of Statement of Qualification - Deadline.**

**No Statement of Qualification will be accepted if received or postmarked after 5:00 pm, January 14, 2009.**

Statement of Qualifications may sent to the RFQ Coordinator by mail, delivery, fax or email (see cover page). All Statement of Qualifications and any accompanying documentation become the property of EFSEC and will not be returned.

**8. Non-responsive Statement of Qualifications**

All Statement of Qualifications will be reviewed by the RFQ Coordinator to determine compliance with administrative requirements and instructions specified in this RFQ. EFSEC may reject or withdraw a Statement of Qualification at any time as non-responsive for any of the following reasons:

- a. Incomplete Statement of Qualification.
- b. Submission of a Statement of Qualification that proposes services that deviate from the requirements set forth in this document.
- c. Failure to comply with any part of this RFQ or any exhibit to this RFQ.
- d. Submission of incorrect, misleading, or false information.

**9. Minor Irregularities**

EFSEC may waive minor administrative irregularities related to any Statement of Qualification.

**10. Cost to Prepare Statement of Qualification**

EFSEC will not be liable for any costs incurred by the Applicant in preparing, submitting, or presenting a Statement of Qualification for this RFQ.

**11. Exhibit to this RFQ is:**

Chapter 463-80 WAC, Sections 060 through 120

This RFQ is available on EFSEC's web site at [www.efsec.wa.gov](http://www.efsec.wa.gov). If there is difficulty downloading the document please contact the RFQ Coordinator.

## **SECTION C. STATEMENT OF QUALIFICATIONS CONTENTS**

The Statement of Qualification must provide the information and in the order listed below to be considered responsive. Proven experience and/or demonstration of ability should include staff and/or organization experience. A new organization made up of experienced employees, or an existing organization with demonstrated accomplishments, should both be able to qualify. However, proven experience and/or demonstrated ability should be in the specific areas listed below.

### **Statement of Qualification Requirements**

#### **1. Letter of Submittal**

The Letter of Submittal must be signed and dated by a person authorized to legally bind the company or organization to a contractual relationship, e.g., the President or Executive Director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship. Along with introductory remarks, the Letter of Submittal is to include by attachment the following information about the company or organization and any proposed subcontractor(s):

- a. Name, address, principal place of business, telephone number, and fax number/e-mail address of legal entity or individual with whom a contract would be written.
- b. Name, address, and telephone number of each principal officer (Executive Director, President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.).
- c. Legal status of the company or organization (non profit, sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business, as the entity now substantially exists.
- d. Federal Employer Tax Identification number or the Washington Uniform Business Identification (UBI) number issued by the State of Washington Department of Revenue.
- e. Location of the facility from which the company or organization would operate.
- f. Identification of any State employees or former State employees employed or on the firm's governing board as of the date of the proposal. Include their position and responsibilities within the company or organization. If following a review of this information, it is determined by EFSEC that a conflict of interest exists, the company or organization may be disqualified from further consideration.

#### **2. Experience**

A demonstration of how the company or organization has successfully developed and managed programs to implement:

- a. Energy efficiency;
- b. Renewable energy projects;
- c. Clean and efficient transportation measures;
- d. Demand side management of electricity consumption; and
- e. Carbon sequestration programs.

### **3. Expertise**

A complete description of the company or organization's specific expertise in the science and economics of greenhouse gas emissions mitigation, including proven ability to:

- a. Specify preferred offset types;
- b. Develop and issue requests for proposal;
- c. Evaluate and recommend projects;
- d. Assemble diverse portfolios;
- e. Negotiate offset contracts;
- f. Design monitoring and verification protocols, manage the implementation of offset contracts;
- g. Maintain an offset registry and track retired tonnes of carbon dioxide.

### **4. Viability**

Provide sufficient information demonstrating that the company or organization is viable, financially stable and fully capable of meeting obligations necessary to provide and/or implement third party carbon dioxide mitigation programs or activities.

## **SECTION D. IQO SELECTION**

### **1. Review**

EFSEC will designate an evaluation team to review and evaluate Statements of Qualifications based on the requirements, qualifications and other criteria contained within this RFQ.

### **2. Notification of Selection or Non-Selection**

EFSEC will notify the organizations or companies submitting Statements of Qualifications on the results of EFSEC's review and if they were chosen to be placed on EFSEC's list of third party IQO 's.

## Exhibit

### Chapter 463-80 WAC

#### CARBON DIOXIDE MITIGATION PROGRAM FOR THERMAL ELECTRIC GENERATING FACILITIES

(Sections 005 through 050 omitted)

**WAC 463-80-060 Carbon dioxide mitigation plan requirements and options.** (1) **Once the total carbon dioxide emissions mitigation quantity is calculated, what is next?** The facility must mitigate that level of carbon dioxide emissions. A CO<sub>2</sub> mitigation plan is required and must be approved as part of a site certification agreement. A mitigation plan is a proposal that includes the process or means to achieve carbon dioxide mitigation through use of mitigation projects or carbon credits (RCW 80.70.010).

The approved mitigation plan must be fully implemented and operational in accordance with the schedule in the site certification agreement. The applicant may request an extension of the mitigation project implementation deadline. The request must be submitted in writing to EFSEC before the implementation deadline. The request must fully document the reason(s) more time is needed to implement the mitigation project and propose a revised schedule.

(2) **What are the mitigation plan options?** The options are identified in RCW 80.70.020(3), which states that "*An applicant for a fossil-fueled thermal electric generation facility shall include one or a combination of the following carbon dioxide mitigation options as part of its mitigation plan:*

- (a) *Payment to a third party to provide mitigation;*
- (b) *Direct purchase of permanent carbon credits; or*
- (c) *Investment in applicant-controlled carbon dioxide mitigation projects, including combined heat and power (cogeneration)."*

(3) **What are the requirements of the payment to a third-party option?** The payment to a third party option requirements are found in RCW 80.70.020 (5) and (6). Subsection (5) identifies the mitigation rate for this option and describes the process for changing the mitigation rate. Subsection (6) describes the payment options.

The initial mitigation rate is **\$1.60 per metric ton** of carbon dioxide to be mitigated. If there is a cogeneration plant, the monetary amount is based on the difference between twenty percent of the total carbon dioxide emissions and the cogeneration credit. The mitigation rate will change when EFSEC adjusts it through the process described in RCW 80.70.020 (5)(a) and (b). The total payment amount = mitigation rate x mitigation quantity.

An applicant may choose between a **lump sum payment or partial payment over a period of five years**. The **lump sum payment** is described in RCW 80.70.020 (6)(a) and (b). The payment amount is the mitigation quantity multiplied by the per ton mitigation rate. The entire payment amount is due to the independent qualified organization no later than one hundred twenty days after the start of commercial operation.

The alternative to a one-time payment is a **partial payment** described in RCW 80.70.020 (6)(c). Under this alternative, twenty percent of the total payment is due to the independent qualified organization no later than one hundred twenty days after the start of commercial operation. A payment of the same amount (or an adjusted amount if the rate is changed under RCW 80.70.020 (5)(a)) is due on the anniversary date of the initial payment for the next four consecutive years. In addition, the applicant is required to provide a letter of credit or comparable security for the remaining 80% at the time of the first payment. The letter of credit (or comparable security) must also include possible rate changes.

(4) **What are the requirements of the permanent carbon credits option?** RCW 80.70.030 identifies the criteria and specifies that these credits cannot be resold without approval from EFSEC. The permanent carbon credit criteria of RCW 80.70.030(1) are as follows:

(a) Credits must derive from real, verified, permanent, and enforceable carbon dioxide or carbon dioxide equivalents emission mitigation not otherwise required by statute, regulation, or other legal requirements;

(b) The credits must be acquired after July 1, 2004; and

(c) The credits may not have been used for other carbon dioxide mitigation projects.

(5) **What are the requirements for the applicant-controlled mitigation projects option?** RCW 80.70.040 identifies the requirements for applicant controlled mitigation projects. Subsections (1) through (5) specify the criteria. The direct investment cost of the applicant controlled mitigation project including funds used for selection, monitoring, and evaluation of mitigation projects cannot be required by EFSEC to exceed the cost of making a lump sum payment to a third party per subsection (3) of this section.

The applicant controlled mitigation project must be:

(a) Implemented through mitigation projects conducted directly by, or under the control of the site certification agreement holder;

(b) Approved by EFSEC and incorporated as a condition of the site certification agreement; and

(c) Operational within one year after the start of commercial operation. Failure to implement an approved mitigation plan is subject to enforcement under chapter 80.50 RCW.

(d) The certificate holder may not use more than twenty percent of the total funds for the selection, monitoring, and evaluation of mitigation projects, and the management and enforcement of contracts.

[Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-060, filed 6/25/08, effective 7/26/08.]

**WAC 463-80-070 Carbon dioxide mitigation option statement and mitigation plan submittal and approval.** (1) Applicants must provide EFSEC with a statement selecting the mitigation option(s) in:

(a) Applications for site certification; or

(b) Requests to amend site certification agreements under chapter 463-66 WAC where changes to the facility will increase CO<sub>2</sub> emissions by fifteen percent or more.

(2) Applicants choosing to use the payment to a third party or the permanent carbon credit option must provide EFSEC with the documentation to show how the requirements will be satisfied before a recommendation to the governor is issued or an amendment to a site certification agreement is approved.

(3) Applicants seeking to use the applicant controlled mitigation projects option must submit the entire mitigation plan to EFSEC. EFSEC will review the plan for consistency with the requirements of chapter 80.70 RCW.

(4) Approval of the mitigation plan will be by:

(a) The governor for approval of the application for site certification, or an amendment to the site certification agreement under WAC 463-66-080; or

(b) EFSEC for approval of an amendment to the site certification agreement under WAC 463-66-070.

[Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-070, filed 6/25/08, effective 7/26/08.]

**WAC 463-80-080 Enforcement.** Applicants or facilities violating the carbon dioxide mitigation program requirements are subject to the enforcement provisions of chapter 80.50 RCW.

[Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-080, filed 6/25/08, effective 7/26/08.]

**WAC 463-80-090 Independent qualified organizations list.** (1) EFSEC shall develop and maintain a list of independent qualified organizations as required by RCW 80.70.050.

(2) To develop or update the independent qualified organization list EFSEC shall issue a request for qualifications through use of a mailing list maintained by EFSEC and publication in a regional newspaper in both eastern and western Washington, and other appropriate forums.

(3) Proposals from independent qualified organizations shall, at a minimum, contain the following information:

(a) A demonstration of how the company or organization has successfully developed and managed programs to implement:

- Energy efficiency;
- Renewable energy projects;
- Clean and efficient transportation measures;
- Demand side management of electricity consumption; and
- Carbon sequestration programs.

(b) A complete description of the company or organization's specific expertise in the science and economics of greenhouse gas emissions mitigation, including proven ability to:

- Specify preferred offset types;
- Develop and issue requests for proposals;
- Evaluate and recommend projects;
- Assemble diverse portfolios;
- Negotiate offset contracts;
- Design monitoring and verification protocols, manage the implementation of offset contracts; and
- Maintain an offset registry and retired tons.

(c) Proven experience and demonstrated ability should include staff or organization experience. A new organization made up of experienced employees, or an existing organization with demonstrated accomplishments, should both be able to qualify. However, proven experience and demonstrated ability should be in the specific areas listed in this subsection.

(4) Using best professional judgment, EFSEC staff shall review each proposal and make recommendations to EFSEC whether a company or organization should be placed on the independent qualified organization list.

(5) After reviewing the EFSEC staff recommendations, and prior to making a decision to add a company or an organization to its list of independent qualified organizations, EFSEC may request the organization to testify at a public meeting or hearing to gain additional information and knowledge regarding the organization's experience and qualifications.

(6) Based on the EFSEC staff recommendation and information from public meeting(s) or hearing(s) (if held) EFSEC shall approve or deny companies' or organizations' placement on the list of independent qualified organizations.

(7) EFSEC may remove a company or organization from the independent qualified organization list at the request of the organization, or if EFSEC determines the organization is no longer capable or qualified to carry out CO<sub>2</sub> mitigation programs or activities.

(8) EFSEC shall update its list as it deems appropriate using the process described in this section.

Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-090, filed 6/25/08, effective 7/26/08.]

**WAC 463-80-100 Independent qualified organization use of funds.** (1) An independent qualified organization shall not use more than twenty percent of the total funds it receives for CO<sub>2</sub> mitigation for any of its activities in the selection, monitoring, or evaluation of a project.

(2) No independent qualified organization shall use any funds received for CO<sub>2</sub> mitigation to lobby federal, state or local agencies, their elected officials, officers, or employees.

(3) If EFSEC finds that an independent qualified organization has violated subsections (1) or (2) of this section, EFSEC may:

(a) Require the independent qualified organization to refund to the applicant or certificate holder the amount EFSEC determines was wrongfully spent; and

(b) Remove the organization from its list of independent qualified organizations.

(4) An organization found by EFSEC to have violated subsections (1) or (2) of this section and removed from EFSEC's list of independent qualified organizations may not apply or request listing on EFSEC's list for a period of four years after removal from the list.

[Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-100, filed 6/25/08, effective 7/26/08.]

**WAC 463-80-110 Independent qualified organization oversight.** (1) EFSEC may appoint up to three persons to inspect and audit independent qualified organization mitigation plans, performance measures, compliance activities, and financial records of projects funded by certificate holders.

(2) Persons that EFSEC appoints should have expertise in energy issues, carbon dioxide mitigation, or other areas that would benefit EFSEC's understanding of the independent qualified organization's or company's carbon dioxide mitigation activities, operations, and performance.

(3) EFSEC may remove a member of an oversight board for "due cause."

[Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-110, filed 6/25/08, effective 7/26/08.]

**WAC 463-80-120 Biennial reports.** (1) Each independent qualified organization on the list maintained by EFSEC shall file a biennial report with EFSEC.

(2) The biennial report shall include but not be limited to:

(a) A report on the performance of each carbon dioxide project listing the amount of carbon dioxide reduction the project has achieved;

(b) An estimate of the carbon dioxide mitigation projected for each mitigation project for the next biennium; and

(c) A statement of the cost for each mitigation project including the cost for each metric ton of carbon dioxide mitigated.

[Statutory Authority: Chapters [80.70](#) and [80.80](#) RCW and RCW [80.50.040](#). 08-14-064, § 463-80-120, filed 6/25/08, effective 7/26/08.]

**(Section 130 omitted)**