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7 essential questions to ask before issuing a solar RFP

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A Request for Proposal (RFP) is a formal document that organizations use to solicit proposals from potential vendors for a project or service. Issuing an RFP is a common practice when selecting a solar partner. It not only assists you in receiving competitive and tailored proposals but also helps in making an informed decision based on a standardized set of criteria.

Whether driven by internal procurement policies or legal requirements, issuing an RFP allows you to evaluate multiple options, helping you choose the best possible partner for your solar project. This guide will walk you through 7 essential questions to consider before issuing an RFP, so you can go into the process prepared to attract and select the right partner for your unique needs.

997.5 kW rooftop project, Big Bend Otis, MA

01

Is an RFP the right route for my organization?

First and foremost, you should decide if issuing an RFP is the right course of action for your organization. If you're reading this, chances are you already understand that an RFP provides a structured approach to evaluating potential partners, so that you receive diverse and competitive bids. It helps avoid cookie-cutter solutions and maximizes value. Evaluating tailored proposals will help you determine if a potential solar partner understands your goals and how they will be able to deliver superior value for your specific scenario.

02

Who will make up my organization's team to evaluate the RFP responses?

A well-defined evaluation team helps streamline the decision-making process and thoroughly vet all aspects of the project. It's important to have final decision makers involved from the start supported by team members who understand the different facets of information that will be provided in the proposals submitted by the bidders. The following representation should be considered when identifying your team:

- **Decision makers**

  Ensure the final decision makers are aware and involved in the RFP process prior to reviewing submitted proposals

- **Finance**

  Include someone from the financial team to assess whether purchasing the system outright or opting for financing aligns with your organization's economic needs, as well as anyone who will be involved in financial performance of the system once it is in operation

- **Procurement and energy**

  Representation from this area will include someone who will understand the nuances of the project, your energy needs, and your organization's goals for pursuing solar

- **Facility operations**

  Engage individuals from the operations team who will coordinate with your solar partner's construction personnel on the the project schedule and project site on a day-to-day basis leading up to and during construction

- **Long-term maintenance**

  A strong solar partner will have a plan for handling operations and maintenance of a completed system. Involve team members who will be involved in coordinating the system's maintenance to address any issues that may arise

- **Sustainability**

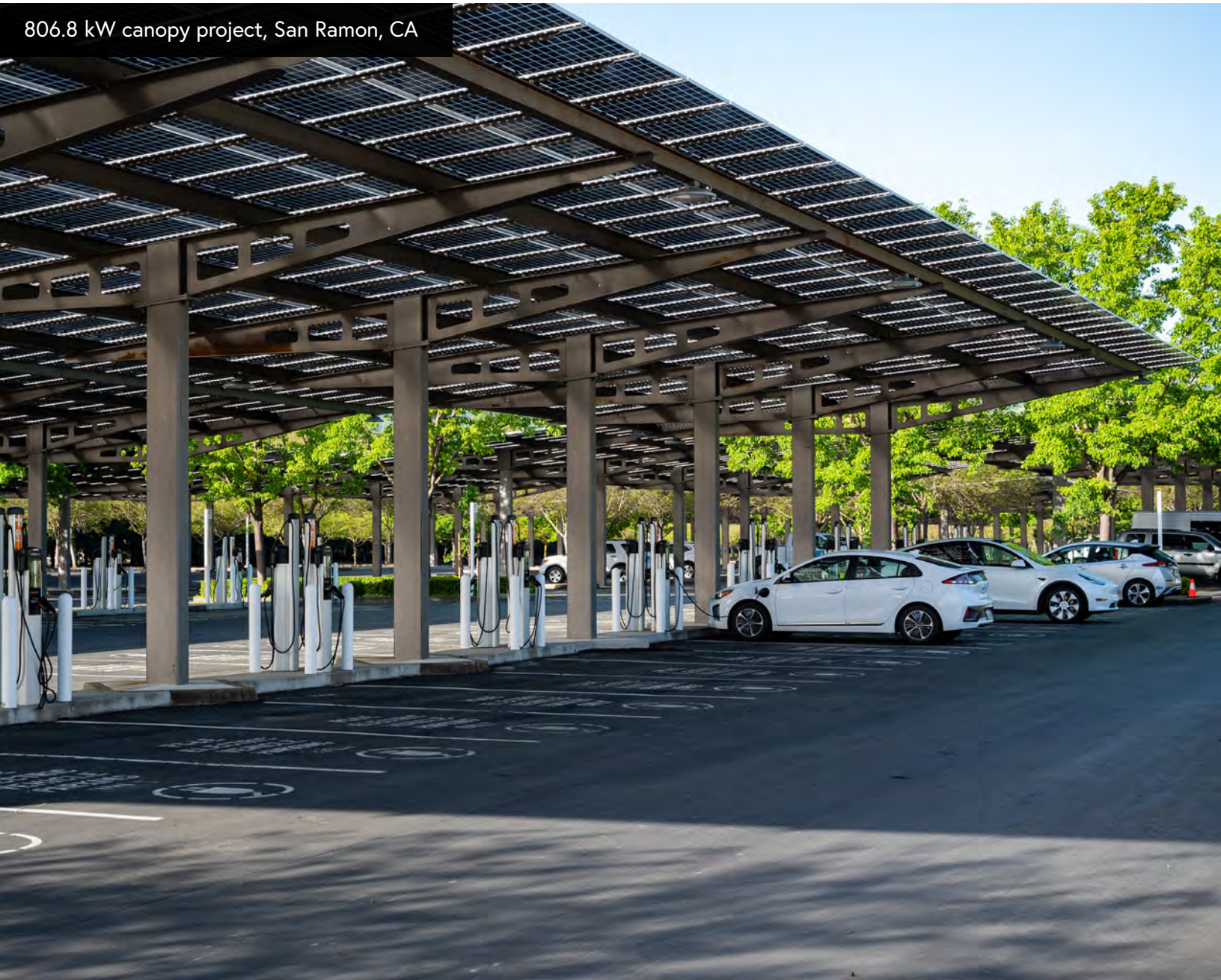
  Ensure relevant stakeholders are involved to confirm the project meets the organization's sustainability objectives

Ultimately, you want to identify stakeholders who have both organizational and project-specific knowledge. A well-rounded evaluation team assesses critical factors, leading to a well-informed decision. It also signals to quality bidders that your organization is serious about the project.

03

What are my organization's project needs, goals, and scope?

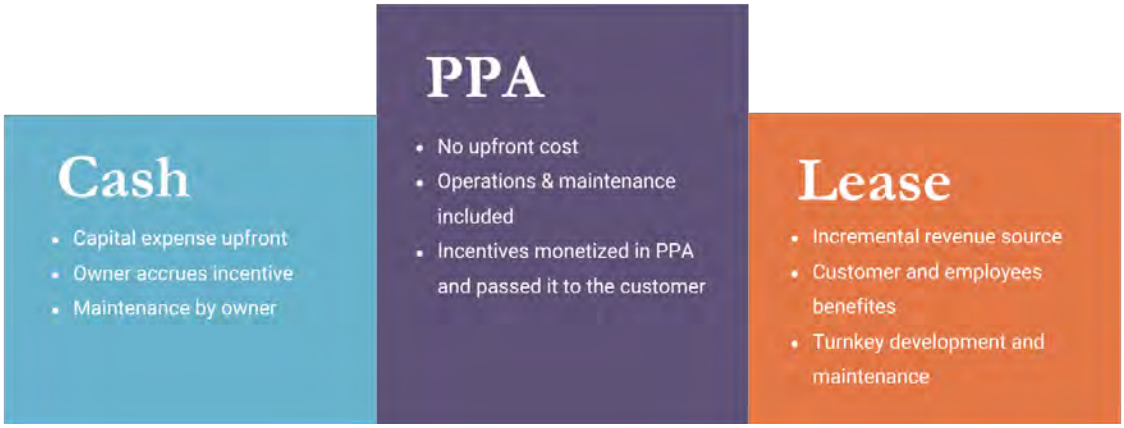
When issuing an RFP, your organization should clearly outline its project needs, goals, and scope for bidders to reference when preparing a response. Define your goals, such as whether you want to optimize for cost savings and incentives, energy production, and/or sustainability. Specify the project background, including a detailed description, objectives, requirements, limitations, and any energy offset targets. This clarity will help developers tailor their proposals to meet your organization's expectations through detailed solutions and justifications for their proposed strategy.



806.8 kW canopy project, San Ramon, CA

04 What financial mechanisms will be pursued?

When issuing an RFP, specify the budget or financial mechanisms you are considering, such as a Power Purchase Agreement (PPA), lease, or cash purchase. Indicate whether you want bidders to provide options for comparison. Understanding your financial preferences helps in assessing proposals based on cost-effectiveness and financial viability.



Be sure to assess a bidder's financial stability and get transparency on how the proposed economics are calculated. To compare proposals effectively, use metrics like:

- **Levelized Cost of Energy (LCOE)**

  LCOE is the average cost per unit of electricity generated by a solar system over its lifetime, calculated by dividing the total project cost by the total electricity produced. It helps compare the cost-effectiveness of different energy projects

- **Net Present Value (NPV)**

  NPV calculates the difference between the present value of cash inflows and outflows of a solar project, discounted at a specified rate, to assess its profitability. A positive NPV indicates a project is expected to generate more value than its cost

- **Internal Rate of Return (IRR)**

  IRR is the annualized rate of return at which the net present value of a solar project's cash flows equals zero, indicating the project's profitability. A higher IRR suggests a more attractive investment

05

What project assumptions and parameters should be provided to bidders?

Level-setting project assumptions and criteria up front for bidders to incorporate in their proposals helps standardize the submissions for a more clear and fair comparison based on what matters most to your organization, as well as allows for more accurate energy production and energy savings analysis.

In addition to providing baseline assumptions to bidders, you should have the following information available:

- **Credit rating, if you are planning to finance**
- **Relevant insurance policy requirements that need to be met**
- **Any available site details such as where the solar can be installed and where the points of interconnection are located**
- **Detailed utility energy usage and interval data from the previous 12 months for your site**
- **As built drawings for relevant structures on your site, aka detailed blueprints that show the final construction of a building or structure. These include the exact dimensions, locations, and specifications of all the buildings' components**
- **Single Line Diagrams, which are simplified representations of an electrical system**

1,385.6 kW canopy project, Pleasanton Commons, CA

06 What is the timeline?

A clear project timeline helps in managing expectations and timely completion. Include known deadlines for submissions, site visits, and overall project milestones. Specific timeline-related questions to consider and discuss with your potential solar partner include:

- **Is the timeline flexible?**
- **Are there any incentive or market-driven deadlines?**
- **Will bidders need to visit the site(s) to obtain any additional information and, if so, when should this be scheduled?**
- **What's the submission deadline?**
- **Is a shortlist/interview process necessary to narrow down the bidding pool and identify the best candidate?**
- **When will we announce a winner?**
- **Does my organization have any future plans for expansion or use of the areas designated for solar?**
- **How long of a project term is my organization willing to contract for purchasing energy and/or leasing property?**

Providing a timeline helps bidders align with your schedule and plan accordingly.

1,728.0 kW ground mount project, Whippany, NJ

07

What bidder-specific questions should be included in the RFP?

Asking targeted questions about the bidder's experience, capabilities, and approach helps in assessing their suitability for your project. Questions to consider include:

- **What experiences/references can you provide?**

  You should look for a solar partner that is experienced with value engineering across a wide variety of solar projects

- **What knowledge do you have of market incentives?**

  Leveraging the various policies and market incentives available is vital to extracting the most value from a system, therefore ensure your solar partner has outlined a strategy for this in their submitted proposal

- **Who will be the main point(s) of contact at various stages of the project and what are their qualifications?**

  Know if you'll have one point of contact throughout the project life cycle or several touchpoints, clear communication is vital throughout the entire process

- **How will you approach a specific project from a logistics and execution standpoint?**

  This question is particularly important for organizations that need to maintain a certain level of daily operations, meaning your solar partner should be prepared to work with you on a project schedule that accommodates your needs

- **What's your safety record?**

  This should be highly considered when choosing a partner, as accidents or safety hazards can significantly delay project execution

- **What services are provided in-house versus what do you outsource?**

  A strong solar partner will have in-house knowledge and experience managing the entire project life-cycle including design, engineering, procurement, project management, construction, scheduling, interconnection, and financing

- **What's your financing ability?**

  Commercial and industrial projects have long-term contracts of 20-30 years. It's important to work with a company that will be around for the longevity of the contract and can support your financing needs

- **What operations, maintenance and monitoring services will be provided?**

  Know if you will be working with your solar partner directly or if you will need a separate service provider for the long-term asset management of the project

- **Do you offer any additional services like EVCI or storage solutions?**

  Working with a solar partner who has the capabilities of incorporating electric vehicle charging infrastructure or storage solutions can expand savings and value opportunities for your organization

- **What decommissioning options or alternatives are available at the end of the project's life or contract term?**

  Asking this question at the beginning is important so you can know what to expect 20+ years down the line. This can vary depending on your solar partner or the financing mechanism being used. Your solar partner should provide clarity on contract terms and available options in their proposal

- **Will the bidder provide their own form of contract template?**

  This is a good thing to know to prepare you for what to expect during the contracting process

Overall, you should look for detailed responses on experience, qualifications, and project approach and ensure bidders have a strong safety record and offer relevant services.

1,847.4 kW ground mount project, Winchester, VA

Checklist

In summary, issuing an RFP is a strategic process that helps you choose the best partner for your solar project. There are many factors to consider when getting started on your renewable energy journey. By addressing these seven key questions beforehand, you can effectively manage the issuance of an RFP and make an informed decision. Reference the following checklist to set your organization up for success when initiating the RFP process:

- ☐ **Know and outline your goals for pursuing solar**
  - ☐ Financial goals
  - ☐ Strategic goals
  - ☐ Sustainability goals

- ☐ **Understand what internal resources/expertise you need to issue a solar RFP and review submitted proposals**
  - ☐ The following areas and roles should be considered when building your RFP evaluation team:
    - ☐ Decision makers
    - ☐ Finance
    - ☐ Procurement and energy
    - ☐ Facility operations
    - ☐ Long-term maintenance
    - ☐ Sustainability

- ☐ **Set a baseline of key assumptions for accurate and fair comparison**
  - ☐ Define your assumptions and gather the information you will need to provide to bidders participating in the RFP process:
    - ☐ Identify a preferred funding/financing mechanism (and have your organization's credit rating prepared)
    - ☐ Outline any specific goal targets or metrics
    - ☐ Provide relevant site details, constraints, and points of interconnection
  - ☐ Highlight any applicable insurance policy requirements
  - ☐ Provide a timeline your organization is targeting, including dates of pertinent meetings or milestones that may impact project development

- ☐ **Know what to look for when comparing proposals**
  - ☐ Review the safety record, experience, and financial longevity of the bidder
  - ☐ Determine if the proposal meets all your needs, such as economic or sustainability goals
  - ☐ Understand the proposed strategy for mitigating impact to your operations

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