

83D Questions and Answers

- (24) Section 2.2.1.7 – Please confirm that the minimum contract size is 20 MW AC at the delivery point.

Answer: Per Section 2.2.1.7 of the RFP, the minimum net generating capability of a generation unit is twenty (20) MW. Net generation is delivered in AC; therefore the minimum contract size is 20 MW AC.

- (25) Section 2.2.2.1 – Site Control. Must bidder demonstrate rights for all ancillary public road crossings at time of bid submission?

Answer: Please see the response to Question 17. (Released on May 22, 2017)

- (39) For an operating project located outside of ISO-NE, the majority of the capacity has not been delivered into ISO-NE, would this undelivered capacity qualify under this RFP as a RPS Class I New Resource to New England?

Answer: No, in order for a Class I facility proposal to be eligible for this procurement, it must meet the definition of “New Class I Renewable Portfolio Standard Eligible Resource”.

- (46) Since proposals may include required transmission costs associated with the proposed long-term contract for the supply of Clean Energy Generation associated with a Transmission Project, can you confirm that:
 - a. The Distribution Companies will agree to be the direct contracting party and, consequently, the Distribution Companies will be transmission customers under a Transmission Service Agreement (“TSA”),
 - b. and that the Distribution Companies can, pursuant to the terms and conditions of the TSA, bear all transmission-related costs, including all necessary network upgrade costs?

Answer: The Distribution Companies are willing to become parties to a TSA, subject to a number of provisos. One of these is the understanding that the Evaluation Team will evaluate generation costs and transmission costs as components of a single integrated bid that is inclusive of all generation and transmission costs, and will ensure that these costs are subject to, among other things: (i) the cost containment commitments required of the bidder as described in the RFP, and (ii) the understanding that the Distribution Companies will not be responsible for any cost for deliveries to the ISO-NE system facilities or for the costs of any network upgrades to the ISO-NE system facilities which ISO-NE allocates or assigns to a bidder’s project, or for any other costs, unless these costs and mechanisms to recover those costs are clearly set forth in the bid. Any contract executed by the

Distribution Companies must also include, among other things, creditworthiness provisions and liquidated damages provisions that apply to generation and transmission services, respectively, and that guarantee each counter-party's financial and contractual performance.

- (47) Definition of environmental attribute (definitions, page B of the RFP document) "Environmental attribute" means all of the GIS certificates and any other present or future environmental benefits associated with the Firm Service Hydroelectric Generation energy deliveries contracted for as part of this RFP." Can you explain what is meant by future environmental benefit?

Answer: A more complete answer can be found in the model PPA's definition of Environmental Attributes. *Environmental Attributes shall mean any and all generation attributes under the RPS, the Massachusetts Global Warming Solutions Act (Mass. Gen. Laws ch. 298), and under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now or in the future, to the favorable generation or environmental attributes of the Facility or the Qualified Clean Energy produced by the Facility including, but not limited to: (a) any such credits, certificates, benefits, offsets and allowances computed on the basis of the Facility's generation using renewable technology or displacement of fossil-fuel derived or other conventional energy generation; (b) any Certificates issued pursuant to the GIS in connection with Energy generated by the Facility; and (c) any voluntary emission reduction credits obtained or obtainable by Seller in connection with the Qualified Clean Energy; provided, however, that Environmental Attributes shall not include: (i) any state or federal production tax credits; (ii) any state or federal investment tax credits or other tax credits associated with the construction or ownership of the Facility; or (iii) any state, federal or private grants, financing, guarantees or other credit support relating to the construction or ownership, operation or maintenance of the Facility or the output thereof.*

- (48) In Section 1.2 of the RFP document, it is said: "To further assist with the commonwealth's GWSA compliance, the distribution companies shall settle or reserve any environmental attributes associated with firm service hydroelectric generation." This notion is also found in Section 2.2.2.10, Utilizing and Appropriate Tracking System to Account and Enable GWSA Goals, on page 29 of the RFP document. Can you explain what is meant by "shall settle or reserve any environmental attributes associated with firm service hydroelectric generation"? And how would the Distribution Companies proceed toward that goal?

Answer: Environmental Attributes are defined on Page B and shall mean all GIS certificates associated with Firm Service Hydroelectric Generation energy. All GIS certificates will be subject to the New England Power Pool Generation Information System Operating Rules. Massachusetts greenhouse gas emissions are inventoried by the Massachusetts Department of Environmental Protection through the Greenhouse Gas Inventory, established by the Global Warming Solutions Act.

- (49) Sections 2.3.1.1 and 2.3.1.2 of the RFP document indicate that the evaluation may include other costs and benefits not specified in the RFP? Has the evaluation team identified other costs and benefits since issuance of the RFP (direct and other)?

Answer: The bidder is free to describe costs and benefits which it believes its project provides in addition to those costs and benefits that the RFP formally addresses. However, the Evaluation Team is under no obligation to use the bidder's analysis and will undertake its own evaluation as described in the RFP. Additionally the Evaluation Team will be working with the Evaluation Team Consultant to identify costs and benefits associated with project proposals.

- (62) Please clarify how economic benefits to Massachusetts versus New England will be evaluated. The RFP instructions (at 13.3) refer to New England, while the statute requires benefits to Massachusetts ratepayers and to the Commonwealth (Section 83D (d) (5) (iii) and (viii)).

Answer: The qualitative evaluation will consider, among other things, employment and economic development in the Commonwealth. See RFP Section 2.3.2.viii. Section 13.3 seeks information regarding economic development impacts in New England generally and specifically the location where the economic development benefits are expected to occur. The evaluation will include how those benefits will occur in or migrate to the Commonwealth.

- (73) In Appendix B Section 14.2.iii, please explain what, "Identify any limits placed upon the bidder's post-contract term rates according to current FERC rules." means.

Answer: As part of the evaluation of a project, the Evaluation Team may possibly factor into its analysis costs for continued support of a bidder's facilities after the initial contract term expires. In this regard, FERC may (or may not) impose limits on the rates the bidder may charge for such use of those facilities. For example, the FERC might require the bidder to take account of and reduce its post-contract term rates by depreciation accrued during the term of the contract. If that is the case, the bidder is asked to identify depreciation and any other such limits which FERC may impose on such rates. This request does not ask the bidder to speculate about rules FERC may adopt in the future, but instead requests a response based on current FERC rules. Please note that while the Evaluation Team has an interest in knowing any plans the bidder may have as to post-contract costs, such interest in post-contract costs should not be construed as a commitment to support such costs.

- (75) What will the discount rate be that the evaluators will use for analyzing and assessing the bid submittals? This rate has been released in previous MA RFPs such as the 83A and Clean Energy RFPs.

Answer: The load weighted discount rate that will be used is 6.99%

- (78) Section 1.1: Is there is a deadline for the Commercial Operation Date under the terms of the RFP?

Answer: The RFP does not identify a deadline for the projected Commercial Operation Date of proposed projects.

- (80) Section 2.2.1.3(iv): For a proposal for Clean Energy Generation with a Transmission Project under FERC Tariff, the RFP calls for a Transmission Rate Schedule or Tariff and Service Agreement (“Transmission Agreement”) that will govern the relationship among the transmission developer, the Distribution Companies and the Clean Energy Generation. In the situation where the developer of the proposed transmission project necessary to deliver the proposed Clean Energy Generation is different than the seller of the Clean Energy Generation, do the Distribution Companies intend to be the purchaser(s) of the transmission service rights under the Transmission Agreement and then assign such rights to the Clean Energy Generation seller such that the Clean Energy Generation may be delivered to the delivery point? Alternatively, could the Transmission Agreement be structured such that the Clean Energy Generation seller is the purchaser of the necessary transmission service rights and the Distribution Companies are financially responsible for the payments for such rights under the terms of the Transmission Agreement, the RFP and Section 83D?

Answer: See the response to question 46 above which is incorporated herein by reference. That response indicates conditions under which the Distribution Companies would support transmission. Please also see the response to Question 111 below which contains additional information pertinent to this question.

- (84) Section 2.2.2.6: This subsection states that “[p]roposals that include more effective provisions that eliminate or minimize ratepayer exposure to transmission cost risks as described in this section will be evaluated more favorably throughout the evaluation process.” Please explain how the minimization of transmission cost risks will be included in each stage of the evaluation process, including in particular in the quantitative phase of the Stage 2 evaluation, and explain the scoring values that will apply to this factor.

Answer: If two projects are identical to each other in all respects except that one assumes or absorbs all cost risks while the other flows-through the cost risks to the Distribution Companies and ultimately their customers, the former project would be evaluated more favorably than the latter. Actual bids may include different approaches to cost containment and exactly how cost containment proposals in various bids will be compared against each other depends in large part on the specific characteristics and components of each proposal. The Evaluation Team is interested in cost containment proposals that will effectively protect ratepayers from transmission cost overruns. The Evaluation Team plans to evaluate both the accuracy and reliability of the bidder’s transmission cost estimates as well as the effectiveness of the cost containment measures designed to protect ratepayers from higher than estimated transmission costs.

- (85) Section 2.2.2.6.3: This subsection states that the “evaluation process will value more favorably proposals that include mechanisms to protect ratepayers from risks associated with payments for

transmission costs when any associated Clean Energy Generation, as proposed by the bidder, is absent, reduced, or curtailed as compared to the Baseline Schedule.” Subpart 2 then states that transmission payments will be “reduced in proportion” to any shortfall in energy deliveries in the situation where the transmission project achieves commercial operation “prior to the date that some or all of its associated generators actually begin delivering energy for transmission to the Distribution Companies.” Please explain how the Evaluation Team will value “more favorably” proposals that include mechanisms that provide greater protection to ratepayers and specify whether the Evaluation Team expects transmission developers to be at risk for reduced transmission payments over the entire life of the Long-Term Contract for any shortfalls in generation deliveries, or whether the transmission developers’ risks are limited to shortfalls resulting from situations where some or all of its associated generation fails in the first instance to achieve commercial operation.

Answer: Please see the answer to Question 84 regarding the project evaluation process, which is incorporated herein by reference. In addition, the Evaluation Team expects customers to be protected from both generation and transmission costs related to shortfalls in generation deliveries occurring after the commercial in-service date of the project facilities and throughout the term(s) of the contract(s) executed with successful bidders. Please refer to the RFP and the PPA forms of the respective Distribution Companies for the conditions under which liquidated damages relating to both generation and transmission payments will apply in the event of generation delivery shortfalls.

- (90) Section 2.3.1.2: To ensure that there is appropriate transparency with regards to the evaluation process, please explain the following:
 - a. How the Evaluation Team plans to define the “economic proxy value” of the contribution of RECs and hydroelectric environmental attributes to the GWSA requirements;

Answer: The economic proxy value will be determined by the Evaluation Team in consultation with the Evaluation Team Consultant. The value will not be made available to bidders.

- b. Whether projects qualifying for Class I RECs will be evaluated both for contribution to GWSA requirements as well as contribution to RPS compliance;

Answer: The projects will be evaluated for both contribution to the Global Warming Solutions Act and their contribution to RPS compliance.

- c. How the value of the environmental attributes of hydroelectric generation will be defined given, as discussed above, that Section 2.2.1.4(a) appears to indicate that hydroelectric pricing bids should include energy and environmental attributes in one bundled price;

Answer: The method of determining the value of environmental benefits will be determined by the Evaluation Team in consultation with the Evaluation Team Consultant. The value will not be made available to bidders. The hydroelectric bids should contain a price that includes energy and all environmental attributes as defined in the RFP and the model PPA. Please see question (47) above for the definition of environmental attributes as it exists in the PPA.

- d. The meaning of the term “firmness” as used in this subsection;

Answer: Energy that can be delivered on a firm basis may have more value than non-firm energy. That value, or lack thereof, will be taken into account in the evaluation.

- e. How the “economic impacts associated with resource firmness” will be defined as part of the evaluation process; and

Answer: See the answer to (d) above.

- f. (f) How the Evaluation Team plans to determine the indirect impacts of proposed projects on the capacity and ancillary services market prices.

Answer: The method of determining the impact, if any, of a project on the capacity and ancillary services market will be determined by the Evaluation Team in consultation with the Evaluation Team Consultant. This method will not be made available to bidders.

- (91) Section 2.3.1.2: Regarding the quantification of impacts on production costs, please clarify whether the Evaluation Team intends “production costs” to be defined as New England system-wide or only within the Commonwealth.

Answer: The method of determining how production costs are analyzed and their role in the evaluation will be determined by the Evaluation Team in consultation with the Evaluation Team Consultant. This method will not be made available to bidders

- (98) Appendix C-3: Please explain what is contemplated by “roll-over rights.”

Answer: “Roll-over rights” reflect the fact that the Distribution Companies provide the financial support for the capacity of transmission facilities during the contract term and should, to the extent those rights are granted by contract or FERC rules, continue to have priority rights in that capacity after the contract expires. A developer could clearly explain in its response to the RFP whether, after expiration of the contract term, it proposes to grant such priority rights (i.e., “roll-over rights”) to the Distribution Companies, and if so, the details associated with such continued priority rights. The Evaluation Team’s interest in roll-over rights does not represent a commitment to exercise such rights if they are offered or otherwise available.

- (106) In terms of eligibility for a generation unit, is the "minimum net generating capability" based on the nameplate installed capacity? For example, would a 20 MWp (dc) Solar PV qualify for the minimum contract size, despite the fact that the annual (peak) production would be different and less than an installed 20MWp hydro facility? Is the minimum installed capacity based on DC capacity or AC capacity?

Answer: Please refer to 2.2.1.7 of the RFP, "Minimum Contract Size." The minimum net generating capability of a Generation Unit is twenty (20) MW. Please also refer to the response to Question 24, which indicates that 20 MW AC is the minimum contract size eligible under this RFP.

- (109) In the Quantitative Evaluation, will the Evaluation Team consider the price at the point of delivery (as described in 2.3.1.1), or is there a basis component for delivery into Massachusetts that will be added to the price submitted?

Answer: A project will be evaluated based upon its proposed delivery point for direct costs and benefits. All projects will also be evaluated based upon other costs & benefits to retail customers as are described in section 2.3.1.2. All benefits will be measured and evaluated based upon their impact on Massachusetts customers. Additionally please see question 91.

- (111) For Eligible Bids that include a Transmission Project under Section 2.2.1.3 iv, does the Evaluation Team envision A) a Tariff and Service Agreement between a Transmission Developer and the Distribution companies or B) with the transmission costs implicit in the PPA Price for Clean Energy Generation? Does the Evaluation Team have a preference between these structures?

Answer: The Evaluation Team does not propose to dictate how bids are structured, and prefers to leave such options to the market in order to encourage bid structures that maximize customer benefits and minimize customer risks and costs. Accordingly, the Evaluation Team will accept bid structures that are consistent with the RFP, including structures under Option A and Option B as described above. The Evaluation Team will show a preference for bids that provide greater overall net customer benefits, taking into account all aspects of the bids.

The Evaluation Team will evaluate generation costs and transmission costs as components of a single integrated bid that is inclusive of all generation and transmission costs, and will compare this bid to other bids also on an all-inclusive basis, taking relevant risks into consideration. This will permit the evaluation of all projects on a common basis. Any contracts executed by the Distribution Companies must include, among other things, creditworthiness provisions and liquidated damages provisions that apply to generation and transmission services, as applicable, and that guarantee each counter-party's financial and contractual performance.

- (113) The Quantitative Evaluation Criteria in Section 2.3.1.2 of the RFP states that "The environmental attributes of generation from Incremental Hydroelectric Generation and new Class I

RPS eligible resources will be evaluated using an economic proxy value for their contribution to GWSA requirements...”. Will the Evaluation Team assign the same value to Hydroelectric Generation and new Class I RPS eligible resources for this criteria?

Answer: The Evaluation Team in consultation with the Evaluation Team Consultant will determine the value for all environmental attributes. This value will not be made available to the bidders. Please see the answer to question 90(a) and 90(c) as well.

- (114) How will incremental hydro be viewed in the selection process? Will the EDCs only accept hydro generation that is above the historical three year average of all existing hydro projects in New England and delivered Canadian hydro to the New England ISO?

Answer: The Evaluation Team will only accept hydro that is incremental to the average three year flows into the ISO-NE control area. Please see the definition of “Incremental Hydroelectric Generation” in the RFP as well. Additionally see the answer to Question 5, Released on May 22, 2017.