

83C Questions and Answers

- (1) Section 1.10 – Could the Evaluation Team elaborate on what types of changes constitute a new project, including listing additional examples? For example, we have assumed that a change to the proposed commercial operation date constitutes a new bid, but altering the proposed layout of the project or selecting different turbines (in either case where any change in the project nameplate capacity would be minimal) would not.

Answer: Section 1.10 of the RFP references bid fees and identifies changes for new bid fees as “changes to any physical aspect of a project, including but not limited to project size, technology type(s), production/delivery profile, in-service date, or delivery location then a flat bid fee of \$50,000 is required.”

- (4) Appendix B.6.2.iv – Please provide a definition for the terms “Eligible Facility” and “Eligible Facilities,” and provide illustrative examples of the circumstances that would constitute a “joint use” under Section 6.2.iv.

Answer: An “Eligible Facility(ies)” would be one that meets all necessary threshold criteria included in the RFP.

Appendix B. 6.2. iv, “Siting, Interconnection, and Deliverability,” directs a bidder to “[i]dentify any joint use of existing or proposed real property rights.” Appendix B.6.2. defines “real property rights” as “. . . fee-owned parcels, rights-of-way, development rights or easements or leases) that provide the right to use the Eligible Facility site and/or Transmission Project route, including, for Eligible Facilities, and any rights of way needed for interconnection.”

The purpose of this provision is to identify whether there are additional uses, rights, and/or property owners, the Evaluation Team will need to consider when evaluating the “siting, interconnection, and deliverability” of the project.

- (6) Section 4.1(a) / Exhibit D1.b – Please clarify whether the Contract Maximum Amount will be based on the nameplate capacity of the Facility. If this is the case, please provide examples of circumstances under which the Delivery and potential purchase of Energy in excess of the Contract Maximum Amount might occur.

Answer: The Contract Maximum is based on the actual nameplate facility size and corresponds to the maximum amount of energy (MWh) that can be delivered and purchased in any hour. A project may not increase the facility size or sell any products in excess of the contract maximum. An example of such a prohibited scenario would be where a project adds a wind turbine after contract execution, increasing the nameplate of the facility and the Buyer would not purchase products in excess of the contract maximum amount.

- (8) Section 3.4(b) – In light of the size of the projects that can be proposed under the RFP (i.e., 200 MW to 800 MW), please explain why the proposed 10 MW limit in subsection (b) is required, especially given the 10% deviation from nameplate capacity that is allowed under subsection (a). The extent of this deviation is important, as depending on the size of the wind turbine generators that are proposed, it may represent just a single turbine. We would suggest that using a figure of 10% of the Proposed Facility Size provides an adequate down-side protection for the EDCs, without the need for reference to a specific MW value.

Answer: Footnote 1 of the draft contract for Offshore Wind Energy Generation states the following: “This draft Offshore Wind Power Purchase Agreement is intended to provide a general description of the terms to which the electric distribution companies are willing to agree. The final Agreement will be subject to negotiations with the individual electric distribution companies and will be customized to address the relevant circumstances, such as different generating technologies and purchases of an entitlement to all RECs produced by the generating facility, as well as rules specific to purchases and sales from adjacent control areas, as applicable. Accordingly, certain provisions in the final Agreement may differ from this draft Agreement.”

Also, Section 2.2.1.9 of the RFP includes the following: “Appendices C-1 and C-2 to this RFP are the form of the Draft Contracts and Appendix C-3 is the Offshore Delivery Facilities Service Requirements for this solicitation. Bidders must include a marked version showing any proposed changes to the Draft Contracts with their bid, and it is assumed that bidders would be willing to execute the marked-up contract included in their bids. Bidders are discouraged from proposing material changes to the Draft Contracts or material deviations from the Offshore Delivery Facilities tariff and contract requirements.”; and Section 2.3.2 of the RFP lists the following among the many factors to be considered as part of the qualitative evaluation: “Extent to which the bidder accepts provisions of the Draft Contracts and/or illustrative terms for Offshore Delivery Facilities project or shifts risk to buyers and their customers.”

Accordingly, a bidder may include such a suggested change as part of its bid, and it would then be appropriately considered within the evaluation process.

- (9) Section 7.2(m) – To be consistent with the RFP—whose site-control requirements can be satisfied by showing either that the bidder has acquired property rights or (with the exception of the federal offshore wind energy generation lease) that the bidder has a detailed, reasonable plan for acquiring property rights—can this warranty be provided based on the Seller showing a reasonable prospect of obtaining all necessary property rights within a reasonable time period? Or is it necessary to have signed agreements/option agreements in place for all property rights as of the PPA’s Effective Date? (We note that the alternative of being able to point to a detailed, reasonable plan would for obtaining necessary property rights could be especially relevant for onshore transmission facilities, onshore staging areas, and offshore rights-of-ways in State waters.)

Answer: Bidders are required to demonstrate site control in accordance with Section 2.2.2.1 of the RFP.

The Draft PPAs provide that at the time of execution of the PPA, the seller must have the leases (or options to lease) described in Section 2.2.2.1 of the RFP, as well as all other property rights (or an irrevocable option to acquire such rights) to construct and operate the Facility, to interconnect the Facility, to construct all Network Upgrades, and to conduct all other necessary project activities. Bidders are encouraged to obtain all necessary property rights for proposed projects prior to bid submittal, but must identify in their bids any property interests that must be obtained and the plan and timeline for obtaining such property interests if not already obtained. Bidders should specify in their redlines to the draft PPAs any outstanding property interests that must be obtained that the bidder has not obtained or is not committing to obtaining prior to PPA execution.

- (12) Please confirm that bids are to be provided on CDs only (that is, no paper copies)? Can all of a bidder's proposals be provided on one CD, or should each proposal be on its own CD?

Answer: Each bid should be provided on separate CD ROMs and, pursuant to Section 1.7.3 of the RFP, the public and confidential versions of bids must be submitted on separate CD ROMs. Paper copies of the bids are not required.

- (13) Are there any limitations to supplementary documentation, information, or presentations that can be provided to support a proposal?

Answer: All information as specified in section 3.4 and Appendix B of the RFP must be provided to be considered a complete bid. Supplementary documentation not requested in section 3.4 and Appendix B is not required. However, if a bidder believes that limited additional documentation will provide information needed to evaluate its bid(s), or will substantially facilitate the Evaluation Team's evaluation of its bid(s), such documentation may be submitted. If the Evaluation Team determines that a document is not helpful, then that document and its information will not be utilized in the evaluation.

- (14) The Distribution Companies are seeking delivery "...as early as reasonably possible...". Could you please provide more information as to how you will evaluate that a proposed project's schedule is "reasonable"? Also, will there be a specific quantitative or qualitative evaluation metric to assess which projects have the earliest reasonable delivery, per se? Or will preference for earlier projects be achieved only by examining how soon consequential benefits will be realized?

Answer: Projects will be evaluated concerning their claimed in-service dates by examining the totality of their bids. Examples of factors bearing on evaluation of a claimed in-service date might include such things as actual equipment purchases, contractual rights to purchase, receipt of and/or progress toward obtaining permits, as well as challenges to accomplishing these activities. The Evaluation Team along with the Evaluation Team consultant will use an appropriate methodology regarding project schedule and delivery. This methodology will not be shared with bidders.

- (15) Please confirm that \$300,000 is the bid fee for one Project with one pricing variation, and that for the purpose of bid fee calculation a “Project” is defined as an offshore wind generating facility with a particular nameplate size, technology type(s), production/delivery profile, in-service date, or delivery location? Please confirm which Project changes and the level of change that would require an additional \$50,000 bid fee?

Answer: See Section 1.10 of the RFP. The minimum bid fee is \$300,000, which includes one pricing offer. Variations in pricing for the same project will cost an additional \$25,000 each. If there are changes to any physical aspect of a project, including but not limited to project size, technology type(s), production/delivery profile, in-service date, or delivery location then an additional bid fee of \$50,000 is required each time such changes are made.

- (16) It is understood that the Distribution Companies are seeking to procure a total of approximately 400 MW of Offshore Wind Energy Generation, and that “minor” variations are to be expected based on turbine size and potential changes to turbine size. Is this 400MW number a nameplate capacity as defined by the turbine OEM, and if not, what is the definition? Can you please provide guidance as to what is considered a “minor” variation, for example on a percentage basis? Are variations in this number due to other factors aside from those related to turbine size acceptable, for example loss of a turbine position due to final geological surveys, variations in certifications, or changes in power equipment?

Answer: Note 11 in Section 2.2.1.2 of the RFP states, “Bidders may propose minor variations in proposed bid/contract sizes based on expected turbine size and potential changes to expected turbine size.” Projects would be expected to come as close to the 400 MW requirement as possible; however, by way of an example, a minor variation could refer to a bid that proposes a 402 MW project based on an expected turbine size of 6 MW. This proposed bid size of 402 MW would be an acceptable minor variation. The Evaluation Team reserves the right to determine the reasonableness of a minor variation.

- (17) It is understood that the Distribution Companies will consider procuring more than 400MW if “... a larger-scaled proposal is both superior to other proposals submitted in response to this RFP and is likely to produce significantly more economic net benefits to ratepayers...” How will the benefits of different sized projects be evaluated such that a larger project will not be given preference or scored better simply because it is a larger project? What would constitute “significantly more economic net benefit” that is not driven simply by

the larger size of such a project? Also, will the benefits of a larger project that also has a longer time to delivery be discounted, so as to account for the later delivery possibly offsetting the “significantly more” benefits?

Answer: The Evaluation Team and the Evaluation Team Consultants will use appropriate definitions and analyses of “significantly more economic net benefits,” which, however, will not be shared with bidders.

- (18) While each proposed project must include a proposed Project Specific Generator Lead Line, is it correct that each such proposal may propose to price the Generator Lead Line by either including the Generator Lead Line in the PPA price, or through a FERC-accepted OATT, Rate Schedule, or Tariff and Service Agreement? May proposals include both variations, and if so how would bid fees be calculated for such an additional variant?

Answer: As indicated in RFP Section 2.2.1.3.1 (Offshore Wind Energy Generation with a Project Specific Generator Lead Line Proposal), each proposal may propose to provide for payment for the generator lead line(s) and associated delivery facilities through the PPA price, or through a FERC-accepted OATT, Rate Schedule, or Tariff and Service Agreement. A bidder may choose to submit both such pricing approaches presented in RFP Section 2.2.1.3.1 for the same project, with an additional bid fee of \$25,000 required for the resulting additional pricing approach. However, the cost of generator-related facilities, such as low-voltage collector cables up to the high side of the generator transformers, must be recovered under the PPA rather than any FERC-jurisdictional OATT, tariff, or rate schedule.

- (28) Reference is made to Section 2.2.1.4 (i) (a), which states that bidders “...must propose a price on a fixed \$/MWh and/or \$/REC” basis, but then goes on to say that prices may be changed “...by a defined rate or amount over time”. Can you please clarify or reconcile the first requirement, which seems to be contradicted by the subsequent allowance?

Answer: Bidders are required to provide annual energy pricing per \$/MWh for peak and off-peak periods. In addition, bidders are required to provide annual \$/REC pricing. Energy and REC pricing may be fixed for the length of the contract term, or it may change over the length of the contract term by a fixed predefined rate or amount, as long as this rate or amount is specified in detail in the bid proposal. Finally, please refer to Part VI of the CPPD form posted at www.MACleanenergy.com and to Answer # 29.

- (29) Reference is made to Section 2.2.1.4 (i) (a): Can the “defined rate” allowed in this section be a reference to, or a formula that makes reference to, a defined rate or index pertaining to interest rate, currency exchange, inflation, and/or commodity price(s)?

Answer: A defined rate or amount must be quantifiable over the length of the contract term. A specific percentage point or \$/MWh escalation factor is an example of defined rate or amount. An index with an unknown future value would not qualify as a defined rate or amount.

- (32) Could Parent Company Guarantees be an acceptable means to meet the security requirement of Section 2.2.2.11?

Answer: As specified in Section 2.2.2.11, the required security must be in the form of a cash deposit or a letter of credit from a U.S. commercial bank in either case having (x) assets on its most recent balance sheet of at least \$10 billion and (y) a credit rating of at least A2/A.

- (33) Can you provide more detail on the 100 point scoring criteria described in Section 2.3? For example, how will the 25 points of the qualitative evaluation be applied or scored? Can you please explain what is meant by “economically competitive”, as used in Section 2.3.1?

Answer: The Evaluation Team and Evaluation Team Consultants will use an appropriate definition of “economically competitive,” and a methodology for assigning the points. However, this information will not be shared with bidders.

- (35) Section 2.3.1.3 indicates that a Net Present Value (NPV) analysis will be used to preliminarily rank projects as part of the quantitative evaluation. Given the preference for projects with earlier delivery, please describe the specifics of the net present value analysis (e.g. period covered in the analysis, etc.), such that the NPV analysis will treat projects with different delivery dates appropriately, without inherent bias to projects with later delivery dates?

Answer: The Evaluation Team will evaluate more favorably projects with early delivery dates that can contribute to meeting the goals of the Global Warming Solutions Act, St. 2008, c. 298. An appropriate method of evaluating a project’s ability to assist the Commonwealth in meeting its Global Warming Solutions Act goals will be used by the Evaluation Team. However, this information will not be shared with bidders.

- (36) What will the discount rate be for the net present value calculation?

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

- (38) How will increased certainty of execution that comes with using a commercially available technology (e.g. turbine, installation methods or equipment) be evaluated in relation to a lower price bid that may rely on a technology or equipment that is not yet commercially available (e.g. a next turbine design or model, or a yet-to-be-built installation vessel?) If non-

existing technology or equipment can be proposed, how should projects demonstrate project viability and certainty of deliverability?

Answer: Using commercially available technologies is one of the ways in which to show commercial viability of the project. If projects propose to use technology or equipment that has not been commercially deployed, it will be up to the bidder to demonstrate project viability in those circumstances. The Evaluation Team and Evaluation Team consultant will use an appropriate methodology to assess commercial viability. This methodology will not be shared with bidders.

- (39) Regarding Clause 3.2 of the PPA: Please confirm that the suggested daily delay damages equals \$100 x Contract Maximum Amount (e.g. \$100 x 400MWh = \$40,000 for a 400MW site)?

Answer: For a project with a Contract Maximum Amount of 400 MWh, the daily damages would total \$40,000.

- (41) The RFP asks for a description of the area surrounding any land-based project area (p. 25 of the RFP and B-10). Would the EDCs describe the approximate size of the surrounding area that should be described and provide further guidance on what should be contained in the requested description?

Answer: The bidder should provide the information referenced in Appendix B, Section 6.4 for the land – based project area.

- (42) Section 6.3 of the RFP requests a “permitting plan and timeline to secure the necessary approvals.” In what ways, if any, is the requested permitting plan and timeline in 6.3 different from permitting plan and timeline requirements of Sections 7.1 and 7.2?

Answer: The information requested in Appendix B, Section 6.3 relates to the zoning and permitting status of the Facility site and Transmission Project route. The information requested in Sections 7.1 and 7.2 relates to all permits, licenses and assessments, including environmental assessments and environmental impact statements, relating to the construction and operation of the project.

- (44) Please provide further description of a “stakeholder map” (p. B-13).

Answer: A stakeholder map identifies the people and organizations with an interest in the proposed project. The stakeholder map informs the community engagement plan.

- (45) 2.2.1.3.1 says “a proposal may provide for payment either (1) through an all-in price schedule for Offshore Wind Energy Generation and/or associated RECs that includes the cost

of such delivery facilities via power purchase agreement, or (2) separately from the generation and/or RECs pricing, through a FERC-accepted OATT, Rate Schedule, or Tariff and Service Agreement with terms consistent with those detailed in the applicable provisions of Attachment C-3.” 2.2.1.4 (ii) “Pricing for Offshore Delivery Facilities components of proposals, as part of a bid, must conform to the following pricing requirements....” Does section 2.2.1.4 (ii) apply if a bidder chooses pricing option (1) under 2.2.1.3.1?

Answer: A bid must conform to Section 2.2.1.3.1 “Offshore Wind Energy Generation with a Project Specific Lead Line Proposal” and Section 2.2.1.3.2 “Offshore Wind Energy Generation with an Expandable Transmission Proposal under a FERC Tariff.” Bids proposed under Section 2.2.2.3.1, pricing option (2), and Section 2.2.1.3.2 include “Offshore Delivery Facilities” as defined in the RFP and thus must have their pricing conform to Section 2.2.1.4 (ii). Section 2.2.1.4 (ii) does not apply to bids proposed under Section 2.2.2.3.1, option (1).

- (50) In 2.2.2.11, Security Requirements, required security is described for each Long-Term Contract and separately for an Expandable Transmission Proposal. Is any separate security required for a Generator Lead Line, or is that covered by the security provided for the Long-Term Contract?

Answer: No additional financial security is required for the Generator Lead Line.

- (51) 2.3.1.3 states that “the Evaluation team reserves the right to modify any bidder’s...estimated cost...in order to produce a reasonable and appropriate valuation.” How does the Evaluation team expect to modify an as-bid cost, which is an assumption behind the bid, without also modifying the bid itself? Modifying a bid would almost certainly invalidate it. Please clarify.

Answer: The Evaluation Team does not plan to adjust an offered fixed price bid price or a fixed capped price; rather the referenced statement refers to the Evaluation Team's right to assess the reasonableness of the bidder's project cost estimates and to use an estimated cost that is different from a bidder's estimated cost where it is reasonable to do so. This is in the context of the Evaluation Team's evaluation of the “reasonableness of Offshore Delivery Facilities cost estimates, including estimates associated with transmission system upgrades, cost-of-service ratemaking or modified cost-of-service ratemaking.” RFP section 2.3.1.3. Please note the related statements in RFP Section 2.3.1.3: "The Evaluation Team and the Evaluation Team Consultant will also evaluate the reasonableness of Offshore Delivery Facilities cost estimates, including estimates associated with transmission system upgrades, cost-of-service ratemaking, or modified cost-of-service ratemaking. The bidder is responsible for providing support for the basis for all estimates and underlying assumptions. The Evaluation Team reserves the right to modify any bidder production profile or estimated cost (i.e., use a different profile or estimated cost from that provided by the bidder, or additional transmission system upgrade costs that may be required to ensure full delivery of energy and RECs to the Distribution

Companies) or any other estimate in order to produce a reasonable and appropriate evaluation. Proposals that fail to provide sufficient supporting documentation or information necessary to produce a reasonable and appropriate evaluation may be eliminated from further evaluation."

- (53) Under 2.7.1, and related to 3.1, is there a required period of time for the DPU to review and approve the Long Term Contract, or is there an estimated time period for this review and approval that can be provided?

Answer: There is no required or estimated time period for the DPU's review and approval.