

Section 83C RD2 Offshore Wind Procurement

Bidders Conference
June 4, 2019



Today's Bidder Conference

- All requirements, criteria, processes, and all other aspects of this solicitation are governed by the document titled Request For Proposals (RFP) for Long-Term Contracts For Offshore Wind Energy (OSW) Projects, issued on May 23, 2019.
- This Bidders Conference presentation and meeting are provided for discussion purposes only, and may not provide authoritative guidance regarding the solicitation.
- Official responses will be provided to all stakeholders in writing to questions submitted by **June 11, 2019** to MARFP83C@gmail.com.
- Representatives at today's conference:
 - Eversource Energy: Jeff Waltman
 - National Grid: Tim Brennan
 - Unitol: Lisa Glover
 - Department of Energy Resources: Joanna Troy

How We Got Here

- Objective: Solicit offers of OSW energy generation and associated environmental attributes pursuant to Section 83C of the Green Communities Act.
- RFP Drafting Process
 - Joint filing by Unitil, National Grid, Eversource Energy (EDC's) and Massachusetts Department of Environmental Resources (DOER)
 - Stakeholder input requested by DOER in January 2019
 - Attorney General consulted on solicitation method
 - Independent Evaluator monitored and reported on solicitation process
- Department of Public Utilities (DPU) authorized RFP on May 17, 2019
- RFP issued on May 23, 2019

RFP Team Composition

- **Evaluation Team** – EDC's and DOER
- **Evaluation Team Consultant** – Entity or entities that will contract with the EDC's to assist the Evaluation Team with the technical methodologies, analysis, and findings for eligible proposals.
 - EDC's have selected Tabors Caramanis Rudkevich (TCR)
- **Independent Evaluator (IE)** – As required by Section 83C, the IE will monitor and report on the solicitation and bid selection process to ensure an open, fair and transparent solicitation and bid selection process.
 - DOER and Attorney General have jointly selected Peregrine Energy
- **Selection Team** – EDC's with DOER serving as an advisory participant.
- **Contracting Parties** – EDC's
 - DOER, at its discretion, may request the IE to monitor contract negotiations between the EDC's and a winning bidder.

Communication and Bid Submission

- All communications with the Evaluation Team must be submitted electronically to MARFP83C@gmail.com.
- Confidential proposals
 - Confidential proposals must be submitted by **August 9, 2019** at Noon EDT
 - Bidders must submit the required non-refundable bid fee with each bid on or before Noon EDT on **August 9, 2019** in accordance with the instructions in the RFP Appendix I.
 - Separate wire transfer of funds for each utility is required
- Public proposals
 - Copies of public proposals submitted by **August 16, 2019** at Noon EDT
 - Sensitive material must be redacted from the public version by the bidder
 - The required public version will be posted to the macleanenergy.com website.
 - The Evaluation Team accepts no responsibility for sensitive material appearing in the public version
- Please submit proposals to each of the entities identified in accordance with the instructions in the RFP Appendix I.

Bid Fee Example

- For the purposes of the Bid Fee calculation, a Project that offers in the required 2 bids as outlined in Section 2.2.1.3.1 (Generator Lead Line [GLL]) and 2.2.1.3.2 (Generator Lead Line with Commitment Agreement [GLLCA]) will be counted as one proposal.
- The fee for one pricing offer is calculated as follows:
 - Required
 - \$500,000 minimum bid fee includes one pricing offer
 - Optional
 - \$25,000 for each additional pricing offer
 - \$50,000 for each variation in physical aspect of the project (project size, paired with energy storage [if base bid did not include energy storage], production/delivery profile, in-service date, point of interconnection)
- Bid Fee Example:
 - 400 MW facility bids with one additional pricing offer and one additional interconnection point:
 - $\$500,000 + \$25,000 + \$50,000 = \$575,000$

Eligible Proposal Size

- The EDC's are seeking to procure at least 400 MW of OSW.¹
- Bidders are required to submit at least one proposal of 400 MW in each Bid Categories (i.e. GLL and GLLCA)
 - Alternative proposals can have a nameplate capacity of no less than 200 MW and no greater than 800 MW.
- Proposals up to 800 MW will be considered if the Evaluation Team determines:
 - A larger-scaled proposal is both superior, and
 - Is likely to produce more economic net benefits to ratepayers
- All proposals must provide for a scheduled commercial operation date before January 1, 2027.
 - Bidders are encouraged to submit proposals with a COD for OSW delivery as early as reasonably possible.

¹ Bidders may propose minor variations in proposed bid/contract sizes based on expected turbine size and potential changes to expected turbine size

Bid Categories

- 2.2.1.3.1 Offshore Wind Energy Generation with a Project Specific Generator Lead Line Proposal (GLL)
- 2.2.1.3.2 Required Proposal for Offshore Wind Energy Generation with a Project Specific Generator Lead Line Proposal, with a Commitment Agreement (GLLCA)
- For each OSW generation proposal size that a bidder submits, the bidder must submit both a GLL proposal and a GLLCA proposal.
- Proposals may pair OSW generation with Energy Storage Systems.
- If a bidder proposes Energy Storage System pairing as an option to a bid without the Energy Storage System, this will be considered two separate bids by the Evaluation Team.
- Energy storage bids must clearly and completely describe their proposal and define the operation of the paired storage facility.

Bid Category 2.2.1.3.1

GLL Proposal

- Delivery facilities comprising GLL's and all associated facilities required for delivery from the OSW generator directly to the corresponding onshore ISO-NE PTF system facilities.
- Proposals must provide for payment from the EDC's to the bidder through an all-in price schedule for OSW generation and/or associated RECs that includes the cost of such delivery facilities via power purchase agreement and is compliant with Section 2.2.1.4 of this RFP.
 - Annual energy pricing (\$/MWh): Round-the-clock
 - Annual REC pricing: \$/REC
 - Proposals for REC only-bids must be priced in \$/REC

Bid Category 2.2.1.3.2

GLLCA

- In addition to the required proposal described in Section 2.2.1.3.1, bidders must also submit proposals satisfying all the requirements set forth in Section 2.2.1.3.1 but with the commitment to enter into a Commitment Agreement, (Appendix G).
- This Commitment Agreement includes a commitment that, in the event future Third-Party Offshore Wind Developers request interconnection service on the bidder's Interconnection Customer Interconnection Facilities (ICIF), bidder will negotiate in good faith and use commercially reasonable best efforts to enter into a Voluntary Agreement with such Third-Party Offshore Wind Developers regarding interconnection to and expansion of such ICIF to accommodate the Third-Party Offshore Wind Developer's request, at the Third Party's expense. The Commitment Agreement does not affect bidders' FERC "safe harbor" and associated rights.
- A Voluntary Agreement must incorporate study, interconnection, delivery service, and other provisions at least as favorable to said Third-Party Offshore Wind Developers as the provisions of ISO-NE OATT Schedules 22 and 23 applicable to requesters of service thereunder.

Price cap 2.2.1.3.1

- Section 83C(b) states “the department of public utilities shall not approve a long-term contract that results from a subsequent solicitation and procurement period if the levelized price per megawatt hour, plus associated transmission costs, is greater than or equal to the levelized price per megawatt hour plus transmission costs that resulted from the previous procurement.”
- The nominal levelized price of any proposal must be less than \$84.23/MWh.
 - The \$84.23/MWh nominal levelized price is equivalent to the \$64.97/MWh 2017 real dollars levelized price from the contracts executed by the EDC’s with Vineyard Wind, in the 2017 83C solicitation.
 - The numerator (\$) is the product of annual energy bid prices plus annual REC bid prices (\$/MWh) multiplied by the annual energy generation (MWh) expected from the project. The denominator (MWh) is the annual energy generation (MWh) expected from the project. The net present value of the numerator and the denominator is discounted over 20-years using the EDC’s load WACC of 6.99% as was utilized in the 2017 83C solicitation. The resulting quotient yields the \$/MWh metric.

$$\$/MWh = \frac{\$/MWh \times MWh}{(1 + 6.99\%)^{20}} \div \frac{MWh}{(1 + 6.99\%)^{20}}$$

Form of Certification Regarding Price Cap (Appendix H)

- In the event that a bidder determines in good faith and upon adequate analysis that it is unable to submit one of the required proposals at a particular proposal size because it would not comport with the price cap established in Section 2.2.1.4.i.(a) of this RFP, it may submit a certification to this effect in the form set forth in Appendix H.
- A Certification of Inability to Submit a Required Bid Meeting the Price Cap may be submitted for:
 - Any 400 MW bid
 - A GLLCA bid between 200 MW and 800 MW because Bidder is submitting another GLL bid of the same size
 - A GLL bid between 200 MW and 800 MW because Bidder is submitting another GLLCA bid of the same size

Overview of Process

- Stage 1
 - Proposals will be reviewed to ensure that they meet eligibility and threshold requirements.
- Stage 2
 - Proposals will be evaluated based on specified quantitative and qualitative criteria.
- Stage 3
 - Further evaluation of remaining proposals to ensure selection of proposal(s) which provide the greatest impact and value.
- Evaluation Team reserves the right, at any stage, to disqualify and eliminate from further consideration any proposal that it reasonably believes does not meet the requirements.

Bid Evaluation – Stage 1

- Each proposal will be subject to Stage 1 evaluation for **eligibility criteria** including but not limited to:
 - Eligible proposal size
 - Pricing requirements
 - Interconnection and delivery requirements
 - Proposal completeness: Bidder response forms and the draft contracts
 - More fully described in Section 2.2.1 of the RFP
- Each proposal will also be subject to Stage 1 evaluation for **threshold criteria** including but not limited to:
 - Site control and related agreements
 - Technical and logistical viability, Ability to finance the proposed project
 - Providing enhanced electricity reliability within the Commonwealth
 - Contribution to reducing winter electricity price spikes
 - Utilizing an appropriate tracking system to account and enable for GWSA goals
 - Unreasonable balance sheet impacts
 - More fully described in Section 2.2.2 of the RFP

Bid Evaluation – Stage 2

- Quantitative (75 points out of a possible total score of 100 points)
 - Bids will be evaluated for the direct contract costs & benefits, as well as other costs & benefits to retail consumers:
 - Mark-to-market comparison of the price of proposal to projected market prices of energy
 - A comparison of the price of Class I REC under contract to the avoided cost of RPS/CES compliance with the project not in-service
 - The direct benefits of any applicable Energy Storage System, if applicable
 - Other costs & benefits to retail consumers
 - More fully described in Section 2.3.1 of the RFP
- Qualitative (25 points out of a possible total score of 100 points)
 - Criteria includes but is not limited to:
 - Economic benefits to the Commonwealth
 - Demonstrated benefits to low income ratepayers in the Commonwealth
 - Commitment Agreement
 - Demonstrated progress in the interconnection process and credibility of the proposed interconnection schedule.
 - Energy storage system benefits
 - Reliability benefits
 - More fully described in Section 2.3.2 of the RFP

Bid Evaluation – Stage 3

- Purpose of Stage 3 is to select proposal(s) that provide the greatest impact and value consistent with stated objectives.
- The Evaluation Team will evaluate the remaining proposals based on the Stage 2 evaluation criteria and, at their discretion, the following additional factors:
 - Portfolio effect
 - Impact of proposals on the Commonwealth's policy goals
 - Risk associated with project viability
 - Ratepayer bill impacts
 - Any benefits, cost, or risks to customers that may not have been fully captured in the Stage Two evaluation
 - Etc.
- More fully described in Section 2.4.

Contracting

- Bidders will be notified whether they have been selected to negotiate a PPA; such selection does not guarantee that a contract will be awarded to bidder.
- Selected Bidders will enter into separate contracts with each EDC if the negotiations are successful.
- Bidders are responsible for satisfying all local, state and federal requirements, and making all necessary filings and submissions to obtain all approvals for their projects.
- Each bidder will be responsible for posting 50% of their development period security with the EDCs at contract execution and the remaining 50% upon regulatory approval.

Schedule

Event	Anticipated Date(s)
Issue RFP	May 23, 2019
Bidders Conference	June 4, 2019
Deadline for Submission of Questions	June 11, 2019
Due Date for Submission of Confidential Proposals	August 9, 2019
Due Date for Submission of Public Proposals	August 16, 2019
Selection of Projects for Negotiation	November 8, 2019
Negotiate and Execute Long Term Contracts	December 13, 2019
Submit Long Term Contracts for DPU Approval	January 10, 2020

Today's Q&A Protocol

- All answers provided at this forum are for information only.
- Official responses will be provided in writing to questions submitted to MARFP83C@gmail.com.
- When called on please announce your name and the entity you represent.
- Panelists will attempt to answer questions but may call on other members of the team to assist.