

# 2018 Rhode Island Request for Proposals for Long-Term Contracts for Renewable Energy



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September 26, 2018

# Safety Moment

- Emergency Exits
- September: National Preparedness Month (NPM)
  - NPM is a nationwide effort sponsored by the Federal Emergency Management Agency's Ready Campaign in partnership with Citizen Corps.
  - Prepare emergency supply kits, make a plan, and stay informed.
  - Start preparing now. Families may not be together when an emergency happens and you may not have access to cell phones, gas stations, grocery stores, or other usual conveniences.
  - Keep your emergency supply kits in multiple locations - your home, your car, your workplace. Disasters can happen any time, so it's important for you and your family to be prepared in all places.
  - Visit [www.ready.gov](http://www.ready.gov) for more information.

# Today's Bidder Conference

- All requirements, criteria, processes, and all other aspects of this solicitation are governed solely by the document titled Request For Proposals For Long-Term Contracts For Renewable Energy, issued September 12, 2018. This Bidder Conference presentation and meeting are provided for discussion purposes only, and may not provide authoritative guidance regarding the solicitation.
- All answers provided at this forum are for information only. Official responses will be provided in writing to questions submitted by September 28, 2018 to:
  - [CleanEnergyRFP@nationalgrid.com](mailto:CleanEnergyRFP@nationalgrid.com);
  - [Thomas.Kender@nationalgrid.com](mailto:Thomas.Kender@nationalgrid.com); **and**
  - [Omar.Muneeruddin2@nationalgrid.com](mailto:Omar.Muneeruddin2@nationalgrid.com)
- RFP website: <https://RICleanEnergyRFP.com>

# Background



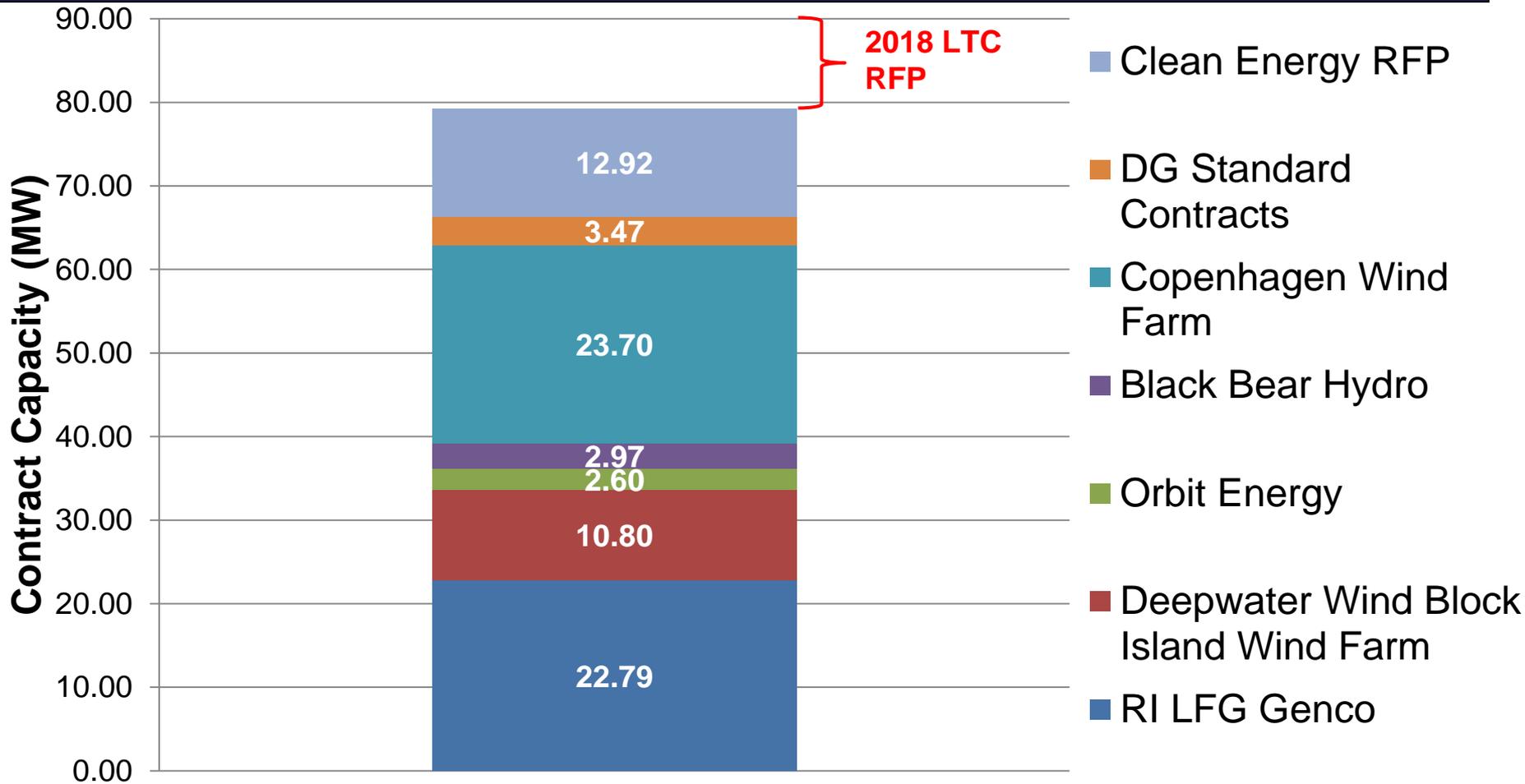
# Rhode Island Long Term Contracting (LTC) Standard

- Title 39 Chapter 26.1 requires procurement of 90 MW contract capacity
- National Grid is not required to execute contracts that exceed 100% of this amount
- 90 MW of contract capacity is defined as the equivalent of 90 MW at 100% capacity factor - 788,400 MWh/yr
- The contract capacity of each project is the nameplate or maximum output (MWh/hr) times the expected capacity factor; alternatively, expected annual output divided by 8,760 hours/year
- Requires National Grid to conduct annual solicitations until one hundred percent (100%) of the minimum long-term contract capacity is met
  - No contracts shall be awarded unless the pricing is below the forecasted market price of energy and Renewable Energy Certificates (RECs) over the term of the proposed contract
  - The electric distribution company may elect not to acquire capacity

# Results of Past LTC RFPs

RFP Year	Winner	Technology	Contract Capacity	Status
2010	Orbit Energy Rhode Island, LLC	Biogas	2.60	Operational
2011	Black Bear Development Holdings, LLC	Hydro	2.97	Operational
2012	Champlain Wind, LLC	Wind	18.20	PPA terminated
2014	Copenhagen Wind Farm, LLC	Wind	23.70	Under development

# Progress Versus 90 MW LTC Requirement



# Select RFP Highlights



# Products Sought

- 10.74 MW of contract capacity pursuant to LTC requirement
- Up to 400 MW nameplate capacity in support of Governor Gina M. Raimondo's 1,000 MW by 2020 goal
- Products: energy and RECs under a Power Purchase Agreement
  - 10 to 15 year term
  - Long-term contract durations may exceed 15 years upon approval of the PUC and must demonstrate contract costs savings
    - Must submit pricing schedules for: (1) a contract of 10 to 15 years; and (2) for the longer contract term and the required bid fee
- All projects submitted by bidders must have filed an interconnection request with ISO-NE seeking service at the Capacity Capability Interconnection Standard
  - Bidders not required to participate in Forward Capacity Market

# Contract Size

- Minimum 20 MW and maximum 200 MW nameplate
- Alternative proposal: nameplate capacity of more than 200 MW but no more than 400 MW
  - Also requires submission of bid that is minimum 20 MW and maximum 200 MW

# Allowable Forms of Pricing

- Separate energy and REC prices that align with the relative market value of these products
- Forms:
  - Fixed price with separate pricing for energy (\$/MWh) and RECs (\$/REC) for the term of the contract;
  - Prices for energy and RECs (in \$/MWh and \$/REC, respectively) that change by a fixed rate for the term of the contract (e.g., a 2% increase per year); or by different fixed rates for various periods of the contract (e.g., a 3% increase per year for the first 5 years, and then a 2% increase per year for the next 5 years, etc.); or
  - Indexed price for energy (in \$/MWh); indexed at or below the ISO-NE Day Ahead or Real-Time Locational Marginal Price as applicable, for a defined pricing node on the ISO-NE Pool Transmission Facility (PTF), along with REC pricing (in \$/REC) that is either fixed levelized pricing or escalating pricing for the term of the contract.

# Allowable Forms of Pricing

- Proposed prices may not be conditioned upon, nor subject to adjustment, based upon the availability of the Federal Production Tax Credit or the Federal Investment Tax Credit, or the availability or receipt of any other government grant or subsidy
- Delivery Point for electric energy must be at an ISO-NE PTF node
- As long as bidder submits a proposal for the project with conforming pricing and required bid fee, non-conforming pricing may be considered subject to the following conditions:
  - Any pricing formula must be symmetrical – i.e., if an index is used for energy prices, prices must be allowed to increase or decrease in a symmetrical manner relative to a base price; and
  - There must be a price cap for each year under the proposed contract

# Evaluation Methodology – Stage One

- Section 2.2 of RFP - Eligibility, Threshold and Other Minimum Requirements
- Eligibility - Eligible Bidder, Eligible Facility, Eligible Products, etc.
- Threshold - reasonable project schedule, site control, bid submission timeliness, etc.
- Other Minimum Requirements - allowable forms of pricing, bid completeness, non-refundable bid fees, etc.
- Section 2.2.4.4 of RFP - additional fee may be required for each proposal evaluated

# Evaluation Methodology – Stage Two

- Section 2.3 of RFP - Price and Non-Price Analysis
- Initial Evaluation Using Price-Related Evaluation Criteria
  - Maximum of 80 points will be assigned based on price analysis
  - Evaluation based on dynamic pricing model
- Initial Non-Price Evaluation
  - Maximum of 20 Points will be assigned on non-price factors
    - Factors listed in RFP Section 2.3.2.2

# Evaluation Methodology – Stage Three

- Section 2.4 of RFP - Portfolio Analysis
- Stage Three objective: select the proposal(s) that provide the greatest value consistent with the stated objectives and requirements as set forth in the RFP
- Further review of bids, including consideration of following:
  - Ranking in Stage Two;
  - Commercial reasonableness of the bid;
  - Risk associated with project viability of the bid;
  - The extent to which the bid would create additional economic and environmental benefits within Rhode Island; and
  - Portfolio effect: the overall impact of any combinations of proposals

# Draft Contracts - RFP Appendix D

- One draft contract for projects sited within ISO-NE control area; another draft contract for projects sited outside ISO-NE control area
- Bidder must include marked-up version of draft contract showing any proposed changes with its proposal
- National Grid will presume that bidders are willing to execute the marked-up contracts included in their proposals – however, bidders should not assume National Grid necessarily agrees to their proposed changes to the draft contracts
- If a bidder fails to include a marked version of one of the draft contracts, National Grid will presume that bidder is willing to execute the draft contract that applies to its project
- Any exceptions taken to threshold and/or eligibility requirements may result in a proposal being rejected
- Bidders are discouraged from proposing material changes to draft contracts

# **Power Sector Transformation – Docket 4600 Additional Considerations**



# Additional Considerations

- Rhode Island Public Utilities Commission (RIPUC) will consider the LTC Standard statute, the least cost procurement statute, and the policy of just and reasonable rates
- RIPUC will also consider its guidance documents from RIPUC Docket No. 4600 on goals for the energy system and “Benefit-Cost Framework”
  - National Grid must present a quantitative and qualitative business case that describes why the proposed investments are preferred over alternatives for advancing the goals for the energy system
- **As part of their original bid submission, bidders are encouraged to provide information that they believe would support the business case**
- Bidders are encouraged to review “Appendix B: Benefit-Cost Framework” of *Docket 4600: Stakeholder Working Group Process Report to the Rhode Island Public Utilities Commission* ([link here](#))

# Additional Considerations

- Mixed Benefit-Cost, Cost, or Benefit Categories National Grid may consider include, but are not limited to:
  - Conservation and community benefits
  - Non-energy costs/benefits: Economic Development
  - Societal Low-Income Impacts
- Bidders may be contacted for additional information
- National Grid is not legally obligated to execute PPAs for more than its minimum long-term contract capacity, but may do so voluntarily

# RFP Schedule

Event	Anticipated Dates
Issue RFP	September 12, 2018
Bidders Conference	September 26, 2018
Submit Notice of Intent to Bid	September 28, 2018
Deadline for Submission of Questions	September 28, 2018
Due Date for Submission of Proposals	October 29, 2018 by 12:00 p.m. (noon) EPT
Review of Bids with the Rhode Island Office of Energy Resources and the Rhode Island Division of Public Utilities and Carriers	November 5, 2018
Conditional selection of Bidder(s) for negotiation	May 2, 2019
Negotiate and Execute Contracts	July 29, 2019
Submit Contracts for PUC Approval	August 30, 2019

# Questions & Answers - Protocol

- All answers provided at this forum are for information only
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  - [Thomas.Kender@nationalgrid.com](mailto:Thomas.Kender@nationalgrid.com); **and**
  - [Omar.Muneeruddin2@nationalgrid.com](mailto:Omar.Muneeruddin2@nationalgrid.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