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2022 Rhode Island – Offshore Wind Request for Proposal

Panelists:

Jim Rouland

Brian Schuster

Katherine Wilson

November 1, 2022

Conference Housekeeping



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During this Bidder Conference:

- Attendees will only be able to see the Panelists, not each other;
- All Attendees will be muted unless unmuted by the Panelists to ask a question at the end of the presentation;
- The Video function is disabled for all Attendees;
- The Chat function is disabled; however,
- Attendees are able to ask questions of the panelists using the Q&A feature.

This Conference will not be recorded - the Recording function is fully disabled.

The Presentation used during this Conference will be posted to the RIE OSW RFP website for viewing after this Conference concludes.

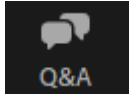
Thank you for your participation!

Submitting Questions



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While the RIE team will be presenting an overview of the RI OSW RFP, Bidder input is important!

To submit questions during this conference, please click the “Q&A” icon  at the bottom of your screen – a chat box should appear and allow you to enter your question. Type your question into the box, send, and it will be visible to the panelists. Please note, only the panelists will be able to see the questions submitted until they are answered (via a written response) or answered live.

The RIE Team will queue all submitted questions – dispositioning them at the end of the presentation.

At the end of the presentation the RIE team will also field verbal questions. The team will provide directions at the end of this presentation about how to enter a queue to ask a question.

Please be advised that the answers provided during today’s presentation may not represent an official response.

Official responses will be provided to all bidders in writing to questions submitted by **November 30, 2022** to RIEOSWRFP@pplweb.com, with a copy to CleanEnergyRFP@nationalgrid.com

Disclaimer



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Any statements herein describing or providing reference to documents and agreements are summaries only, and are qualified in their entirety by reference to such documents and agreements. Further, the Bidder Conference presentation is intended for discussion purposes only, and are not providing authoritative guidance concerning the solicitation.

The governing documents are:

- RI OSW RFP (*issued October 14, 2022*)
- Appendices to the RI OSW RFP including: Bid Package documents, ACES statute, the Model PPA, APRA Statute and Regulation, the Form of Commitment Agreement, and the Deliverability Constraint Analysis.

Further information can also be found at **Docket No. 22-22 EL**.

Visit the RFP website: <https://ricleanenergyrfp.com/>

AGENDA



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- Background
- RFP Timeline
- Products, Pricing, & Evaluation
- Questions

Specific to the 2022 RI OSW RFP

Today's presentation solely focuses on information specific to the 2022 RI OSW RFP issued October 14, 2022.

No prior RFPs are relevant, nor is there any association with other programs conducted by Rhode Island Energy, such as the Rhode Island Renewable Energy Growth Program.



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Background

Affordable Clean Energy Security Act (“ACES”)



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- In June 2022, the Rhode Island General Assembly passed amendments to the ACES Act to expand the amount of Offshore Wind in the State, supporting Rhode Island’s clean energy goals.
- Governor McKee signed the Amendments into Law on June 29, 2022.
- The ACES amendments generally sought to require RIE to conduct an RFP for Offshore Wind, and through the RFP process, to require Bidders to provide additional non-pricing information, such as reducing environmental impacts, expanding economic opportunities, and supporting diversity, equity, and inclusions measures.

ACES (cont.)

Specifically:

- The RFP shall be issued by October 15, 2022
- The RFP shall be developed in consultation with the RI OER and RI DPUC, with a 30-day stakeholder period
- The RFP shall be for newly developed offshore wind – seeking at least 600MW, but not more than 1,000MW
- The RFP requires bids to include, and be evaluated by, a series of non-pricing elements, such as: environmental impacts (submission of EFMP), site layout plan and maps, annualized estimates of economic benefits, a DEI plan, identification of vendors and other supply chain opportunities, and plan outlining bidder intentions in relation to labor agreements.

Additionally, the ACES amendments:

- Require filed contracts be approved or disapproved by the Commission within 120 days of the filing
- Require developers to the RFP enter into a labor peace agreement with specific terms concerning the details of that agreement; and pay employees the prevailing wage and fringe benefits
- Allows for the inclusion of bid fees to cover costs of consultants and counsel hired by RI OER, DPUC, RI Commerce, and the DEM (up to \$200k per agency)

OSW RFP Drafting Process



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- The RFP and its Appendices were drafted by RIE in consultation with the Office of Energy Resources (OER) and Division of Public Utilities & Carriers (DPUC).
- Further, RIE carefully considered all feedback from stakeholders which were submitted via the Rhode Island Public Utilities Commission public stakeholder process.
- RIE is working to finalize a redline of changes made to the RFP following the draft RFP public comment period. This document, and a summary of changes made as a result of the stakeholder comment period, are expected to be filed shortly to the OSW RFP docket (22-22 EL).

Proposals

Per the RFP rules, Bidders are obligated to submit **both confidential and public versions** of their Bid Proposals.

*The proposal(s) identified as the “Public Version” will be posted at the RICleanEnergyRFP.com and will be made **available to the public**.*

Contracts

As defined in Section 2.1 of the RI OSW RFP, “...executed contracts will be filed with the PUC in its entirety with sensitive information potentially subject to redaction...” It is important to note that **contract price** will **not** be protected as sensitive information.



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RFP Timeline

Three Major Steps



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Step 1

- Bidder Questions due by **November 30, 2022**
- Base Case development and Evaluation Criteria Development (quantitative and non-pricing)
- Bidder Proposal Development, **due by February 1, 2023**

Step 2

- Bid Proposal Evaluations begin February 1, 2023
- **Conditional Selection** expected **May 14, 2023**
- *Note: Depending on number of proposals and their complexity, Conditional Selection date of May 14 could change (forward or back)*
- **Contract Negotiations** begin around **May 14, 2023 and may run through August 4, 2023**

Step 3

- **Contract Execution** expected **by or before August 4, 2023**
- RIE to file contracts and associated supporting material **by approx. October 4, 2023**
- PUC proceeding to begin immediately after filing

RFP Schedule



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Event	Anticipated Dates
Issue RFP	October 14, 2022
Bidders Conference	November 1, 2022
Deadline for Submission of Questions	November 30, 2022
Due Date for Submission of Proposals	February 1, 2023 by 12:00 p.m. (noon) EPT
Review of Bids with Rhode Island OER and Division	February 8, 2023
Conditional selection of Bidder(s) for negotiation	May 12, 2023
Negotiate and Execute Contracts	August 4, 2023
Submit Contracts for PUC Approval	October 4, 2023

We're Looking For Feedback!



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RIE is aware that the NYSERDA OSW RFP has been delayed, with their Bid Proposal due date pushed to January 26, 2023.

Due to this change, RIE is considering a one-month delay to its Bid Proposal due date to provide Bidders with additional time. Subsequent milestones would also be delayed one month.

Would this change be helpful, or will it cause additional complications?

RIE is also considering RFP language changes to allow bidders to withdraw their proposals prior to the Conditional Selection date should their project is selected in another RFP.

We'd like your initial thoughts on this call (during Q&A), but would prefer your formally written responses submitted to RIE by close-of-business Thursday (Nov. 3)



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Products, Pricing, and Evaluation Methodology

Product Terms & Conditions



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- Total Offshore Wind target: 600 – 1,000 MW
 - Minimum bid proposal size: 100 MW
 - Maximum bid proposal of approximately 1,000 MW
 - RIE is providing Bidders with the flexibility to submit proposals that are optimally sized to effectively and efficiently use lease area, maximize the use of available interconnection points, and minimize the footprint of transmission cabling along with other related infrastructure.
- Alternative Proposals are allowed
 - Bidders are encouraged to offer multiple proposals
 - Two or more Bidders may also submit a joint conforming proposal
- Products Include: Energy and Renewable Energy Credits (REC)
 - Contract targets a 15 to 20-year terms
 - RIE may seek to extend REC purchases beyond the term of the contract through notice within 3 months of the end of the contract.

Allowable Forms of Pricing



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- Bid Proposals must include a firm, all-in price schedule for all energy (generation) and Renewable Energy Credits (“REC”s) that are compliant with the terms found in Section 2.2.4.2 of the RFP. Proposals:
 - Must address the availability of Federal and State tax credits, grants, and subsidies – especially utilization of the Inflation Reduction Act (IRA)
 - Are not subject to increase based upon availability/receipt of federal or state credits/grants/subsidies

- Initial bids must include a fixed price with separate pricing for energy (\$/MWh) and RECs (\$/REC)

- Per Section 2.2.4.2, Bidders may submit alternative Bid Proposals with differing price terms such as:
 - Escalating prices, so long as the change per year does not exceed 3% per year
 - Different fixed rate prices for various periods of the contract



Bid Fee

- Each Proposals submitted must be accompanied by a non-refundable bid fee.
- **Bid Fees:**
 - Minimum Fee for First Proposal = \$500,000
 - Each Additional Proposal Fee = \$100,000
 - Same Project w/ Different Pricing Fee = \$25,000
- Importantly, if there are changes to the physical aspects of the project (e.g. project size, production, in-service date or delivery location), it is deemed a different proposal requiring a \$100k bid fee. If the project details remain the same, but a different pricing option is provided, at \$25k bid fee is required.
- **To submit bid fees, the Bidder must contact RIE to receive necessary Funds Transfer and Tax information.**
- See Section 2.2.4.5 of the RFP for additional information

Evaluation Team

Quantitative/Pricing Team

- Leads: Rhode Island Energy RFP team*, TCR, National Grid
- Consultation: Rhode Island Office of Energy Resources (OER) and Division of Public Utilities & Carriers (DPCU)

Qualitative/Non-Pricing Team

- Leads: Rhode Island Energy RFP team*, National Grid
- Consultation: OER and DPUC

**RIE RFP team will be comprised of leadership and subject matter experts from various teams, such as Transmission Planning & Interconnection, Rates and Regulatory, Environment, DEI, Legal, etc.*

Evaluation Methodology – Overview of Process

Stage 1

Proposals will be reviewed to ensure they meet eligibility, threshold, and other related minimum requirements – *See Section 2.2 of the RFP.*

Stage 2

Proposals will be evaluated based upon the specified price (quantitative) and non-price (qualitative) criteria – *See Section 2.3 of the RFP.*

Stage 3

Further evaluation of remaining proposals to ensure the selection of proposal(s) which provide greatest value to RIE customers while maximizing the objectives of the ACES statute – *See Section 2.4 of the RFP.*

RIE reserves the right, at any stage, to disqualify and eliminate from further consideration any proposal that it reasonably believes does not meet the requirements

Evaluation – Stage 1



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- Bidders must meet **all** eligibility, threshold, and other related minimum requirements, including but not limited to:
 - Bidder, facility and product eligibility requirements
 - Pricing requirements
 - Reasonable interconnection and delivery requirements
 - Proposal completeness and timeliness
 - Technical and logistical viability
 - Commercially Reasonable
 - Site control
 - Additional requirements specific to ACES
 - *See Section 2.2 of the RFP for additional details.*

- Proposals that meet eligibility, threshold and other minimum requirements will then be subject to Stage 2 evaluation.

Evaluation – Stage 2



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Price Evaluation (75 points out of a possible total score of 100 points)

Based upon direct contract costs and benefits and indirect economic costs and benefits

- Mark-to-market comparison of the bid price to projected market prices of energy
- Comparison of REC bid price to the Renewable Energy Standard Compliance avoided cost
- Other costs and benefits to customers
- More fully described in Section 2.3.1 and 2.3.2 of RFP

Non-Price Evaluation (25 points out of a possible total score of 100 points)

Based upon the criteria that includes but is not limited to:

- Environmental and Fisheries Mitigation Plans (described in Section 2.3.3.3 of RFP)
- Economic benefits to the State of Rhode Island (described in Section 2.3.3.2 of RFP)
- Diversity, Equity and Inclusion Plan (described in Section 2.3.3.4 of RFP)
- Siting and permitting progression and plans
- Project status, including interconnection status, and operational viability
- More fully described in Section 2.3.3 of RFP



Importance of Non-Pricing Factors

- The Amendments to ACES sought to **specifically add and expand non-pricing evaluation factors**
- This includes detailed information and plans associated with:
 - siting and permitting
 - environmental impacts
 - project development and operational viability
 - interconnection and deliverability
 - Financing
 - contract risk
 - economic benefits.

Additional Non-Pricing Factors



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- **Economic Benefits** (Section 2.3.3.2)
 - Bidders should provide information on specific and measurable employment benefits of the project
 - Bidders should provide specific commitments to economic activities (e.g. investments in OSW research, investments in supply chain, and commitments to the utilization of port facilities)
 - Bidders should provide development plans to support economically distressed areas and low-income populations

- **Environmental and Fisheries Mitigation Plan (EFMP)** (Section 2.3.3.3)
 - Detail adverse environmental impacts and measures to avoid/minimize/mitigate those impacts – including impacts on historically marginalized communities and environmental justice communities
 - Provide evidence showing agreement to meet the provisions in the RFP, such as making information and data available to the public, following the guidance developed by the Bureau of Ocean Energy Management, and adherence to Noise Mitigation and Acoustic Monitoring measures

- **Diversity, Equity and Inclusion (DEI) Plan** (Section 2.3.3.4)
 - Must provide a Workforce Diversity Plan and a detailed Supplier Diversity Program

Evaluation - Stage 3



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Goal is to select the proposal(s) that provide the greatest value to RIE customers while maximizing the objectives of the ACES Statute

Remaining proposals will be subject to Stage 3 review, potentially combined into portfolios and evaluated and based upon the following factors

- Stage 2 ranking
- Portfolio effect (overall impact of any combination of proposals)
- Commercial reasonableness of bids
- Risk associated with project viability
- Customer bill impacts
- Creation of additional economic/environmental benefit to the State of Rhode Island
- More fully described in Section 2.4 of RFP

Contract Negotiation & Regulatory Approval



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- Any bidder conditionally selected is required to indicate in writing whether they intend to proceed with their proposal within **5 business days**.
- Contract negotiations are expected to begin immediately upon notification
 - Bidder must **commit to enter a labor peace agreement** with at least one bona fide labor organization
 - Bidder must also provide an executed **Commitment Agreement**
- Any PPA executed by RIE will be file with the PUC for review and approval
 - When filed, PUC will accept comments for at least 30 days
 - During the comment period, the DEM, RI Commerce Corporation, and OER will all provide various advisory opinions
 - PUC will hold public hearings and issue a written order within approx. 120 days of filing.

Memorandum of Understanding (MOU)

In addition to the Bidder obligations and commitments detailed on the prior slides, successful bidders will be required to negotiate and execute contractual commitments with various Rhode Island Regulatory Agencies – likely in the form of MOUs

The MOUs will be in association with specific commitments put forward by Bidders in the Proposal(s) associated with economic benefits, DEI benefits, and environmental justice benefits.

Further Success Bidders will enter an MOU with the DEM and/or CRMC before the final PPA is executed.



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Questions

Asking A Question



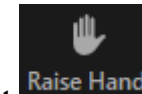
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TO SUBMIT WRITTEN QUESTIONS – BIDDER CONFERENCE:

To submit written questions to panelists during the presentation, please click the “Q&A” icon on the bottom of your screen – the Q&A box will appear where you can submit questions to the Panelists. If you prefer to submit questions anonymously, please select the box in the panel before submitting. Please type your questions and submit.

ASK A QUESTION VERBALLY – BIDDER CONFERENCE:

- Instead of submitting a written question, Bidders may also ask a verbal question.
- To ask a question, please raise your hand by clicking the “Raise Hand” icon at the bottom of your screen.
- The Panelists will queue Bidders with raised hands, then call on them to ask their question:
 - Panel will provide permission to the Attendee to unmute whereby the Attendee will be brought forward to speak.
 - Please unmute your microphone and ask you question.
 - Upon complete – the Panel with disposition the speaker back to the Attendee pool and move to the next Attendee with a question.



Asking A Question (cont.)



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ASKING QUESTIONS AFTER THE BIDDER CONFERENCE:

Any Bidder that has questions for the RIE OSW RFP team should submit their responses **by or before November 30th, 2022**. Questions must be submitted to **BOTH** of the following mailboxes:

RIEOSWRFP@pplweb.com; **AND** CleanEnergyRFP@nationalgrid.com

All answers will be posted on the Q&A section of the OSW RFP website.

Don't wait until the last minute - Submit your questions early!

Remember – We're also looking for your feedback on the prospective timeline change due to the NYSERDA program date changes. Our decision will be based upon Bidder feedback. ***Please provide your feedback on this item by CoB Thursday, November 3rd!***