

2022 Rhode Island Request for Proposal for Offshore Wind Energy

Per ACES Statute

All Bidder Questions Submitted Through November 30, 2022

Topics:

- General Questions
- Diversity, Equity, and Inclusion Plan Questions
- Interconnection-related Questions
- Quantitative Evaluation-related Questions
- Qualitative Economic Evaluation Questions
- Environmental and Fisheries Mitigation Plan Questions
- PPA Template Questions

General Questions

1. **Bidder Question:** Can Rhode Island Energy provide additional clarity on bid proposal formatting to support efficient submission and review? Specifically, if multiple bid options are being submitted by a single bidder, how would Rhode Island Energy prefer that information to be presented? (*See RFP Section 3.6*).
 - **Rhode Island Energy Response:** Bidders are directed to organize proposals in a fashion which best suits each bidder's specific strategy, while simultaneously meeting all requirements listed in the RFP, including Section 3.6. Bidders shall ensure all components of the RFP Appendix A are answered for all bid proposals. Additional pricing proposals for the same project do not require all components of the RFP Appendix A to be answered if all other project details remain the same.
2. **Bidder Question:** Will co-locating transmission cables with existing cables be considered in non-price evaluation? (*See RFP Section 2.2.3.3*).
 - **Rhode Island Energy Response:** As defined in Section 2.3.3.2 of the RFP, Rhode Island Energy is considering a series of non-pricing criteria, including "Siting and Permitting" and "Environmental Impacts and Environmental and Fisheries Mitigation Plan." If presented as a component of a bid, the co-location of transmission facilities may be considered as an aspect of these criteria. Bidders are encouraged to provide the maximum amount of detail and information available for each project associated with the non-pricing criteria defined in the RFP.

Diversity, Equity, and Inclusion Plan Question

1. **Bidder Question:** How does Rhode Island Energy define diverse businesses? (*See RFP Section 2.3.3.4*).
 - **Rhode Island Energy Response:** The Affordable Clean Energy Security (ACES) Act, as amended, does not provide a specific definition relevant to this question. Bidders should

describe assumptions made and provide any references used regarding “business opportunities that will be provided by diverse businesses” in accordance with Section 2.3.3.4 of the RFP.

Interconnection-Related Questions

1. **Bidder Question:** Are Capacity Capability Interconnection Standard (CCIS) upgrades required to achieve Commercial Operation Date (COD) and initiate the payment of the PPA? (See RFP Section 2.2.3.4).

- **Rhode Island Energy Response:** Yes. Bidders must interconnect at both the Network Capability Interconnection Standard (NCIS) and CCIS levels prior to achieving COD, per Section 3.4(b)(i) and Section 3.6(a) of Appendix C to the RFP, the PPA template.

2. **Bidder Question:** Can Rhode Island Energy confirm that a study completed by an independent engineer experienced in ISO-NE that confirms deliverability of a project based on expected grid upgrades and an ISO-NE base case meets the intent of the following RFP requirement? (See RFP Section 2.2.3.4).

Reference – RFP Section 2.2.3.4: “Rhode Island Energy is seeking projects from which the expected generation delivery profile submitted in its bid can be delivered without material constraints or curtailments. Consequently, bidders must demonstrate that their proposed point of delivery into ISO-NE, along with their proposed interconnection and transmission or distribution system upgrades, is sufficient to ensure full delivery consistent with the proposal’s submitted generation profile.”

- **Rhode Island Energy Response:** Projects that have not received I.3.9 approval, or a completed System Impact Study (SIS) or Cluster System Impact Study (CSIS) by ISO-NE, must submit third-party studies that approximate the ISO-NE process in Section 2 of ISO-NE Planning Procedure 5-6. Reference Appendix F of the RFP for additional deliverability constraint analyses required. Studies completed by an independent engineer that appropriately follow both the ISO-NE NCIS and CCIS methodology meet the intent of this requirement.
3. **Bidder Question:** How is the portion of the PPA related to transmission system upgrade costs (TSUC) calculated? Where should it be stated in the proposal? If the TSUC or grid upgrade costs are higher than what is estimated at the time of bid, will Rhode Island Energy allow for an increase in the PPA? (See RFP Section 2.2.3.4).

- **Rhode Island Energy Response:** According to Section 2.2.3.4 of the RFP, “Proposals must include in their pricing all interconnection and transmission or distribution system upgrade costs required to ensure such delivery, including upgrades that may need to occur beyond the point of interconnection.” Based upon the terms listed above and in the RFP, a bid price must be all-inclusive. Bidders should include cost estimates where requested within the RFP, including for Item 6.10 of Section 6 in Appendix A of the RFP. The selected bid price, however, must not be contingent on transmission system upgrade costs and may not be increased if those upgrade costs are higher than what is estimated at the time of the bid.

4. **Bidder Question:** Can Rhode Island Energy provide any additional clarity on how the following requirement of Section 2.2.3.4 of the RFP will be evaluated?

Reference – RFP Section 2.2.3.4: “If a bidder’s proposal and associated generation delivery profile includes and assumes additional network upgrades (which the bidder would be

committed to have built, would be instituted through an elective upgrade process with ISO-NE, and for which the bidder would also have complete cost responsibility), then, as is the case with the required NCIS and CCIS interconnection upgrades, the bidder must include all details of such additional network upgrades, including supporting studies and information, necessary to allow a proper evaluation of the proposal.”

- **Rhode Island Energy Response:** The bidder must submit adequate documentation that satisfies the requirements of the RFP, including providing details of all network upgrades assumed in the interconnection studies performed by the bidder.
5. **Bidder Question:** What is an example of an interconnection process that has not been proposed by ISO-NE? (*See RFP Section 2.2.3.4*).
- **Rhode Island Energy Response:** ISO-NE proposed rules are those that have been introduced by ISO-NE in the established ISO-NE/NEPOOL processes or, if applicable, have been filed by ISO-NE with the Federal Energy Regulatory Commission (FERC) and are under review by the FERC. Any proposed changes to the ISO-NE interconnection process that do not meet those criteria are not changes that have been proposed by ISO-NE. Bidders should clearly state any assumptions made with respect to bids based on ISO-NE proposed changes to established interconnection processes.
6. **Bidder Question:** Per RFP Appendix A, Item 6.12 – Please clarify which specific models are required, and how Rhode Island Energy plans to use them in the evaluation?
- **Rhode Island Energy Response:** Bidders are required to submit the steady-state power flow models, which are typically a component of the System Impact Study, as well as any other electrical models supporting the proposed project in accordance with the filing requirements of the ISO-NE Tariff Schedule 22 and 23. This includes the transient and short-circuit models.

Quantitative Evaluation-Related Questions

1. **Bidder Question:** How will Rhode Island Energy consider proposals with a high likelihood of success of obtaining tax credits, but where those tax credits are not factored into the price? (See RFP Section 2.2.4.2.2).
 - **Rhode Island Energy Response:** As stated in Section 2.2.4.2.2 of the RFP, proposed prices may not be subject to increase based upon the availability or receipt of any tax credits. As also stated in Section 2.2.4.2.2 of the RFP, bidders may propose a bid price that would be decreased based on the project obtaining tax credits, but the analysis of the bid would be based on the price bid without the tax credit contingency being realized. Rhode Island Energy will evaluate and consider all data and information provided by bidders related to the commitments and actions bidders will undertake concerning tax credits or other government grants or subsidies. Bidders are encouraged to provide the maximum amount of detail and information available for each project.
2. **Bidder Question:** In RFP Section 2.2.4.2.2, under the third pricing condition regarding price adjustment if the generation ceases to conform to R.I. Gen. Laws § 39-26-5, is the requirement to provide an energy-only price that is different than the energy component of the energy and REC price? Is the bidder allowed to provide a different price for energy-only that is lower or higher?
 - **Rhode Island Energy Response:** As described in Section 2.2.4.2.2 of the RFP, bidders are obligated to submit bids that include both an energy and non-zero renewable energy credit (REC) price. If, at some time in the future, the RECs associated with the project cease to conform to R.I. Gen. Laws § 39-26-5 (Renewable Energy Standard), Rhode Island Energy will only purchase the energy associated with the project, at the adjusted energy-only price provided as a component of the bid proposal.
3. **Bidder Question:** Does the following excerpt from Section 2.2.4.2.2 of the RFP regarding alternative (non-conforming) pricing apply to grid upgrade costs? If grid upgrades costs are higher than proposed, will the PPA price be adjusted higher?

Reference – RFP Section 2.2.4.2.2: “Any pricing formula must be symmetrical. In other words, if an index is used, prices must be allowed to increase or decrease in a symmetrical manner relative to a base price”

 - **Rhode Island Energy Response:** Alternative pricing, such as non-conforming pricing, may be considered if meeting the conditions of Section 2.2.4.2.2 of the RFP. This section refers to how a pricing formula for alternative pricing must be symmetrical, but does not detail how that formula is defined. However, according to Section 2.2.3.4 of the RFP, “Proposals must include in their pricing all interconnection and transmission or distribution system upgrade costs required to ensure such delivery, including upgrades that may need to occur beyond the point of interconnection.” Based upon the terms listed above and in the RFP, a bid price must be all-inclusive. Bid prices will not be adjusted if grid upgrades, when completed, differ from what the bidder estimated in their bid proposal.
4. **Bidder Question:** What mark-to-market methodology will be used in comparing the total contract cost of RECs bid to the avoided cost and/or projected market prices, as described in Section 2.3.1.1 of the RFP? Are bidders responsible for showing the comparison of total contract costs to the avoided cost based on their own forecasts, or will Rhode Island Energy provide both power price and REC forecasts upon which this comparison should be done?

- **Rhode Island Energy Response:** Section 2.3.1 of the RFP describes the evaluation methodology that Rhode Island Energy will employ to evaluate and ultimately rank bid proposals relative to price-based factors. This section does not intend for bidders to conduct any of the evaluation, nor will bidders be included in the evaluation process beyond the data and information provided by bidders as part of their bid proposals. Bidders are not responsible for showing the comparison of total contract costs to the avoided cost based on their own forecasts.
5. **Bidder Question:** What source is Rhode Island Energy using for projected market prices? (*See RFP Section 2.3.1.1*).
- **Rhode Island Energy Response:** The mark-to-market analysis is conducted by Rhode Island Energy through utilization of a third-party consultant. This section does not intend for bidders to conduct any of the evaluation, nor will bidders be included in the evaluation process beyond the data and information provided by bidders as part of their bid proposals.
6. **Bidder Question:** What is Rhode Island Energy's current weighted average cost of capital? (*See RFP Section 2.3.1.3*).
- **Rhode Island Energy Response:** Rhode Island Energy will utilize a Weighted Average Cost of Capital (WACC) of 6.97%.
7. **Bidder Question:** How does the Build America, Buy America Act apply to this RFP? (*See RFP Appendix A, Item 5.11*).
- **Rhode Island Energy Response:** As defined in Section 5 of Appendix A in the RFP, bidders are instructed to describe how their project will adhere to the Build America, Buy America Act for all instances in which the Build America, Buy America Act applies. For any instances in which the bidder believes the Build America, Buy America Act does not apply to the eligible components to be used in its project, Rhode Island Energy recommends the bidder provide explanation for why it does not apply and the supporting reasoning behind that position.

Qualitative Economic Evaluation Questions

1. **Bidder Question:** Do local economic benefits relate specifically to Rhode Island, and regional economic benefits relate to benefits in New England and New York? How are local economic benefits weighted differently from regional economic benefits in evaluation, if at all? (*See RFP Section 2.3.3.2*).
 - **Rhode Island Energy Response:** Please see the definition of “Regional” in the “Economic Development Summary” Excel Workbook provided as an addendum to the RFP’s Appendix A. Please see Section 2.3.3.2 “Factors to be Assessed in Non-Price Evaluation” of the RFP for a description of non-pricing criteria. Further, local benefits are preferred based upon the focus of this Rhode Island Offshore Wind RFP; however, bidders are encouraged to develop and provide the best possible suite of benefits – both local and regional – for consideration by Rhode Island Energy in the bid evaluation process.
2. **Bidder Question:** How does Rhode Island Energy plan to evaluate economic benefits generated from the export of offshore wind components or services from Rhode Island to other states? (*See RFP Section 2.3.3.2*).
 - **Rhode Island Energy Response:** Bidders are encouraged to provide the maximum amount of detail and information available for each project associated with the non-pricing criteria defined in the RFP. This information may be relevant under Section 14 of Appendix A, under Item 14.5. Please see Section 2.3.3.2 “Factors to be Assessed in Non-Price Evaluation” of the RFP for a description of non-pricing criteria.
3. **Bidder Question:** How does Rhode Island Energy define economic benefits? (*See RFP Section 2.3.2*).
 - **Rhode Island Energy Response:** The Affordable Clean Energy Security (ACES) Act, as amended, requires that bidders provide “annualized estimates for all economic benefits, including the specific in-state expenditures and employment proposed during the development, construction, and operation and maintenance phases of the project.” The ACES Act does not provide a specific definition relevant to this question; however, bidders should describe the assumptions made in providing the information required by the RFP and the ACES Act, as described above.
4. **Bidder Question:** Can Rhode Island Energy clarify if there are plans to impose penalties for failure to deliver on economic benefits, and if so, what would those penalties be? (*See RFP Section 2.3.2*).
 - **Rhode Island Energy Response:** As addressed in Section 2.3.2 of the RFP, successful bidders will be required to negotiate and execute a legally binding contractual commitment with the applicable government entity or entities of the State of Rhode Island for any specific commitments to economic benefits. Any such terms, including schedules for delivery of economic benefits and provisions regarding penalties for failure to deliver on said economic benefits, will be defined in the legally binding contractual agreement between bidder and State agency. Of note, the contractual commitment will be required before a final PPA is executed.

Environmental and Fisheries Mitigation Plan Questions

1. **Bidder Question:** How does Rhode Island Energy define historically marginalized communities and environmental justice communities? Can Rhode Island Energy provide a list of the specific communities? (See RFP Section 2.3.3.3).

- **Rhode Island Energy Response:** The Affordable Clean Energy Security (ACES) Act, as amended, does not provide a specific definition relevant to this question. Bidders should describe assumptions made regarding “environmental impacts of the proposed Facility on historically marginalized communities and environmental justice communities” in accordance with Section 2.3.3.3 of the RFP. Bidders may also leverage (but are not required to) Executive Order 14008 and the Justice40 Initiative as guidance in defining and identifying historically marginalized communities and environmental justice communities and may identify their methods of defining and identifying such communities. Further, the Rhode Island Department of Environmental Management also provides guidance which can be utilized when evaluating such communities within Rhode Island. This information can be found at: <https://dem.ri.gov/environmental-protection-bureau/land-revitalization-and-sustainable-materials-management/environment-justice>

2. **Bidder Question:** How will Rhode Island Energy apply the following requirements of Section 2.3.3.3 of the RFP to projects that have already submitted a Construction and Operations Plan?

Reference – RFP Section 2.3.3.3: “A successful bidder must agree to provide the Company, six (6) months prior to submission of a Construction and Operation Plan, an “Underwater Acoustic Monitoring Plan” detailing how data will be collected to and made available as soon after collection as is practicable for use by third-parties.”

- **Rhode Island Energy Response:** If the bidder has already submitted an “Underwater Acoustic Monitoring Plan,” or similar report evaluating the effects of the Facility’s underwater noise generating activities to BOEM with its submitted Construction and Operations Plan (COP), the bidder should include the report filed with its COP. The BOEM’s Draft Information Needed for Issuance of a Notice of Intent under the National Environmental Policy Act for a Construction and Operations Plan, dated October 24, 2022, which comment period expired December 12, 2022, notes that “[t]he COP should include a complete and sufficient marine acoustic modeling submission in support of BOEM’s completion of an Endangered Species Act effects analysis.” See also 30 CFR §§ 585.626(b)(15) and 627(a)(3)-(4). In the event that bidder did not submit such documentation to BOEM with its COP, bidder should describe how it will plan to submit to Rhode Island Energy such Underwater Acoustic Monitoring Plan.

3. **Bidder Question:** Is a current list of multi-state or regional coordination and/or collaboration efforts, as per RFP Section 2.3.3.3 under “Regional Collaboration,” available for review? Is this a financial commitment to provide funding, or only a commitment to provide in-kind support through engagement?

- **Rhode Island Energy Response:** Bidders are encouraged to contact the Rhode Island Department of Environmental Management (DEM) or the Coastal Resources Management Council (CRMC) for further information on the type of participation contemplated by the DEM and/or the CRMC.

4. **Bidder Question:** Regarding the contractual commitment with the DEM and/or CRMC under Section 2.3.3.3 of the RFP, is a current list of the Best Management Practices, industry standards, and requirements available for review?

- **Rhode Island Energy Response:** Bidders are encouraged to contact the Rhode Island Department of Environmental Management (DEM) or the Coastal Resources Management Council (CRMC) for further information on what is required for compliance with the section.
5. **Bidder Question:** Please clarify the requirement described in Item 7.8 of Appendix A to the RFP, requesting the bidder describe any investments that will be included with your facility to improve its emissions profile. Does this only apply to existing projects and not a new renewable energy generation source that does not have a historical emissions profile?
- **Rhode Island Energy Response:** Yes, this requirement is only applicable to existing generation.

PPA Template Questions

1. **Bidder Question:** Can Rhode Island Energy confirm how the Seller will be protected from overcommitting volume on the sale of RECs if Rhode Island Energy has the right to match Alternative Offers? (*See PPA Template, Section 2.3 of Appendix C to the RFP*).
- **Rhode Island Energy Response:** As described in Section 2.3 of Appendix C to the RFP, the PPA template, in the event that Rhode Island Energy exercises its option to enter into a REC Rights Agreement, Rhode Island Energy would have the right to match an Alternative Offer received by the Seller for RECs generated by the Facility and, if Rhode Island Energy exercises that right, it would purchase the RECs that are the subject of that Alternative Offer.
2. **Bidder Question:** Will Rhode Island Energy allow a phased approach to commercial operation in line with the project schedule submitted by bidders in their proposals, where the PPA of a phase can be initiated when 90% of its respective phase's proposed nameplate capacity has reached regular commercial operation? (*See PPA Template, Section 3.4 of Appendix C to the RFP*).
- **Rhode Island Energy Response:** Bidders are free to propose a phased commissioning of the Facility through multiple partial commercial operation dates in the same PPA or through multiple PPAs/Facilities, so long as the terms and conditions, including pricing, are consistent across the phases.

Note: RFP refers to the "Request for Proposals for Long-Term Contracts for Offshore Wind Energy," Issuance Date October 14, 2022 (as amended), by the Narragansett Electric Company d/b/a Rhode Island Energy.