

March 13, 2020

PUBLIC UTILITIES COMMISSION  
Request for Proposals for the Sale of  
Energy or Renewable Energy Credits from  
Qualifying Renewable Resources  
Pertaining to Emera Maine and Central  
Maine Power Company

NOTICE REGARDING  
QUESTIONS AND ANSWERS  
FOR BIDDERS

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The Commission held a bidders' information session on March 12, 2020, during which information was provided to parties interested in participating in the competitive procurement for the Sale of Energy and Renewable Energy Credits from Qualifying Renewable Resources (Tranche 1), which was the subject of a Request for Proposals issued by the Commission on February 14, 2020. As indicated at the session, Commission staff have prepared a list of questions that were posed to Commission staff before and after the issuance of the Procurement Announcement and the RFP.

Listed below are the questions received to date, along with the answers that have been provided by Commission staff. This list does not include every question received by potential bidders. In some cases, the question or answer would identify project information of a sensitive nature.

As mentioned at the Bidders' Information Session, Commission staff will take additional questions from bidders through March 20, 2020 and will prepare answers for publication through the docket on March 27, 2020. The bidders are requested to file their questions through the docket.

1. Would new solar qualify for Class 1A RECs? Or, can it qualify for this RFP?  
**Answer:** It qualifies for both.
2. Seeking clarification on the "energy or RECs" language in the statute and the RFP. Is it the PUC's interpretation and intent that bids can be for energy without RECs or RECs without energy (or bundled energy and RECs)?  
**Answer:** The Commission has issued a Request for Comments on this issue.
3. Can the Commission provide guidance on its valuation of RECs under this process? Will bidders be asked to separate the value of bundled products? Will each revenue stream be evaluated independently or as a total cost?  
**Answer:** See the answer to question 2.

4. Will projects bidding only energy or RECs be required to provide detail on how it intends to monetize attributes not sold to the utilities?

**Answer:** No.

5. Will RECs acquired by the utilities under any approved contracts be required to be retired for compliance with the Maine RPS? Or will the utilities be able to sell RECs procured under these contracts into the market?

**Answer:** There is no requirement that the utilities retire the RECs.

6. With regard to energy storage, is there an anticipated sizing or duration requirement?

**Answer:** The requirements related to storage are set forth in Section 2.2.2 of the RFP.

7. Having read the definitions of “renewable capacity resource” and “renewable resource” in P.L. 2019 chapter 477 as amended, it is confusing as to the maximum size permitted for wind and solar projects. Under the definition for “renewable capacity resource,” it is not limited to 100 MW. Under the definition for “renewable resource,” which is a source of electrical generation “whose total power production capacity does not exceed 100 MW,” wind and solar would be limited to 100 MW.

**Answer:** The RFP for the sale of energy or RECs is for Class 1A resources. A Class 1A resource is defined as a “renewable capacity resource.” Therefore, wind and solar facilities above 100 MW can submit proposals in response to the RFP.

8. Section 4.1.a of the RFP requires a “description of the facility.” What specific items should be included in the description?

**Answer:** The description should include but not be limited to the technical specifications, the size, fuel type, physical address, identification of the delivery node and the point of interconnection.

9. For proposals with co-located energy storage and PV, should pricing be in \$/MWh for both scenarios (with and without storage) with the assumption that settlement will occur through a single revenue meter?

**Answer:** Metering will depend on the design and components of the project.

10. For a storage system, would the utility control it and use it to best serve the needs of the Maine ratepayers or would the developer/owner control it?

**Answer:** It is assumed the utilities will not own or operate the storage system.

11. The RFP requires a project incorporating storage to remain under the same ownership for the contract term. Is the Commission referring to the storage component and the associated generator remaining under common ownership?

**Answer:** If the generator and the storage component are not under common ownership, the bidder must ensure there is some form of a binding relationship to meet this provision of the RFP.

12. Are you looking for bidders to structure the response document according to specific sections?

**Answer:** No, there is no particular structure requested in the RFP.

13. With respect to the evaluation of bids and the weighting given for the benefits to Maine ratepayers, is this primarily price? What is the Commission thinking about the types of benefits to the Maine ratepayers in section 2.2.1 for the 70% weight portion?

**Answer:** The 70 percent weight given to the benefits to ratepayers pursuant to section 2.2.1 of the RFP would include the cost of the contract to ratepayers relative to the value of the products received. In estimating the value, factors such as the location and output profile of the facility may be considered. In addition, there could be storage-related benefits as noted in Section 2.2.2 of the RFP. To the extent a bidder believes that its proposal would convey other ratepayer benefits, the proposal should explain.

14. For section 2.2.1 of the RFP, which states that the Commission will “independently assess and qualify the benefits to the Maine economy,” does this mean the Commission will do its own evaluation of the benefits being proposed?

**Answer:** The Commission will be taking the bidders’ proposals on face value as to the actual benefits being claimed, i.e., a certain number of jobs or a specific dollar figure of tax savings. Given those claimed items, the Commission will consider the benefits to the Maine economy that would flow from those claimed benefits based on the analysis and advice provided by its consultant and staff.

15. It would be helpful to have further guidance on how bids will be evaluated for the ratepayer and in-state benefits. Procurements of this nature often use NPV or Levelized cost approaches and can include published discount rates and escalation rates. Are there threshold requirements, e.g. if a project has negative savings to ratepayers, but exceptionally high value of other benefits, would it still be considered?

**Answer:** Issues related to the evaluation methodology are addressed in prior questions. With respect to the use of NPV or levelized costs, the Commission would typically evaluate a long-term contract based on the present value of the net costs/benefits. 16. How does the Commission intend to evaluate the qualifications of potential bidders and the viability of projects under this RFP, and ensure that this procurement results in the selection of viable projects?

16. How does the Commission intend to evaluate the qualifications of potential bidders and the viability of projects under this RFP and ensure that this procurement results in the selection of viable projects?

**Answer:** Each project will be evaluated based on the project specifications provided in the proposal and in accordance with the selection criteria in the RFP.

17. To avoid awards to speculative bids at non-viable price points, will the Commission consider the performance of projects awarded under 3210-C solicitations dating back to 2016 in assessing the viability of pricing offered under the current RFP?

**Answer:** No.

18. Does the Commission intend to assess projects' ability to meet CCIS or NCIS, and if so, how does it intend to value the difference between the two?

**Answer:** No.

19. Does the Commission intend to engage with ISO-NE in its evaluation of bids?

**Answer:** No.

20. On what basis will benefits to the Maine economy be evaluated? For example, the typical units for the listed benefits (a through g) differ and are either not able to be directly summed or could be treated differently by bidders.

**Answer:** See answers below.

21. Should economic benefits that are quantified in dollars be nominal or real value? As applicable, what is the appropriate dollar to use? (ex. 2020?)

**Answer:** Section 4.2 of the RFP does not specify whether to use nominal or real value or what year to use for valuation. The bidder must identify how it is quantifying the dollar amounts.

22. What discount rate will the Commission use in its evaluation?

**Answer:** Typically, the Commission uses a range of discount rates. In addition, the discount rate will of course vary for bids that are specified in nominal versus real dollar terms.

23. Can the Commission describe how the value of energy will be determined for the evaluation of ratepayer benefits?

**Answer:** The Commission will consider various factors, including the relative value of energy from a given project compared to others considering factors such as project location and expected output profile. In addition, the Commission may benchmark bid prices against market projections for energy. Is there a threshold for escalation rates that the Commission will accept?

24. Is there a threshold for escalation rates that the Commission will accept?

**Answer:** No.

25. Are only direct employment benefits to be considered? Or would indirect and induced employment benefits to the Maine economy also factor into the economic benefits weighting?

**Answer:** The statute did not specify or limit employment benefits to “direct employment.” Bidders should define the benefits they are claiming in terms that are subject to measurement.

26. Are there examples of acceptable reporting and verification protocols for in-state economic benefits that the Commission can provide?

**Answer:** It is expected that reporting requirements will be developed at the time of the award. The Commission used reporting requirements that may provide a useful point of reference in the case of *Maine Public Utilities Commission, Commission Approval of Procurement of Biomass Resources*, Docket No. 2016-00084.

27. Can any direction be provided on the preferred or acceptable avoided emissions methodologies? Consumption-based accounting approach versus production-based?

**Answer:** The Commission does not have a preferred methodology.

28. Emissions would be avoided across the ISO-NE system by new renewable energy resources in Maine. Is this presentation acceptable or do avoided emissions need to be apportioned to Maine?

**Answer:** This is acceptable.

29. The value of avoided emissions is dependent on the assumed social cost of carbon. Can a social cost of carbon be specified for the purposes of bid proposals?

**Answer:** If a bidder wishes to do so, it must identify and support any assumed social cost of carbon it is using in making its proposal.

30. If there are adequate resources that are competitive, would the 25% of energy or RECs from Class 1A resources that began commercial operations on or prior to June 30, 2019 receive no emission avoidance benefits as the resource(s) would not be incremental and would not have an estimated emissions reduction in conventional emissions modeling?

**Answer:** The Commission does not have a definitive answer at this time.

31. What will be the determining factor on whether the PUC procures the minimum amount (7% of retail sales) or the maximum amount (10%) of renewable energy in Tranche 1? If the determining factor is price, is there a price which proposals must meet in order to be considered for a contract award?

**Answer:** The Commission will evaluate the proposals as set forth in the RFP and decide on an amount that it determines best serves public interest.

32. How would the PUC look upon a longer term? Say 25 or 30 years?

**Answer:** The statute requires 20-year contract but allows for it to be longer if prudent. The Commission has no preference for a longer term, but bidders may submit proposals for a longer term.

33. Is there a specified interconnection requirement (*i.e.*, Network Resource Interconnection Service versus Capacity Network Resource Interconnection Service) for this procurement process and any resulting contract(s)?

**Answer:** No.

34. Will the Commission consider any resource with an ISO-NE settlement point (*i.e.*, any node/zone interchange identified in ISO-NE's most recent PNode file) to be an eligible resource under this RFP?

**Answer:** Eligibility for this RFP is based on state statute definitions of a Class 1A Resource. The Commission assumes there is a designated PNode available for a proposed resource that would be located in ISO-NE.

35. For proposals selected for contracts with the utilities, how will the determination be made on whether a winning bidder will contract with one or both utilities?

**Answer:** The Commission will determine in its award decision which utility is the most appropriate counterparty.

36. Will the same form PPA be used as a starting point for negotiations with both utilities?

**Answer:** Yes.

37. Is the Commission open to other contracting structures, specifically for resources such as storage or transmission?

**Answer:** The statute and the RFP require that proposed storage be paired with a qualified resource. This RFP does not provide for stand-alone storage or transmission resources.

38. If the reduction in contract prices is triggered as per section 3.4 but a proponent in subsequent years can demonstrate they have achieved the stated community/ratepayer benefits, will the Commission return to the initial PPA rate?

**Answer:** As explained in section 3.4 of the RFP, a reduction to the contract payment will be evaluated annually by the Commission.

39. Is there an estimate/range for the performance security? Is it expected to be an annual bond?

**Answer:** Section 3.5 of the RFP sets forth the security requirements. There is no allowance for a bond. The forms of security are listed in section 3.5. As stated in section 3.5, the performance security is specifically designed to ensure benefits to the State and ratepayers as proposed are realized. The amount will depend on the magnitude of the project-specific benefits. Bidders are encouraged to estimate an amount in their proposals. The Commission recognizes that for a contract period of 20 or more years, this could be a very significant dollar figure. The Commission is open to having bidders propose security that would cover a lower number of contract years, perhaps providing security on a "rolling" basis. In addition, the Commission is open to proposals that would allow security amounts

to decline over time. Bidders are welcome to provide options for how security could work.

40. Do we have to post security when we sign the contract or upon commercial operation date?

**Answer:** See the standard contract filed in this docket and posted to the Commission's webpage for this docket.

41. Will there be a form Letter of Credit issued prior to RFP submission?

**Answer:** No.

42. Will a letter on proponent letterhead signed by a duly elected officer confirming our ability to secure an LC from a bank meeting your requirements suffice?

**Answer:** The RFP at section 3.5 specifies that the proposals should include a statement from a qualified bank as to the bidder's ability to fulfill the Performance Security requirements. The bidder's own pledge of ability will not suffice.

43. When will the standard contract be available?

**Answer:** It was filed in this docket and posted to the Commission's webpage for this procurement on March 10, 2020:

<https://www.maine.gov/mpuc/electricity/rfps/class1a2020/index.shtml>

44. What is the earliest date allowed and latest date allowed for the proposed contract date?

**Answer:** There is no restriction on start date, but the Commission may consider commercial operation date as a factor in its review of the proposals.

45. What is the maximum contract term the Commission will consider?

**Answer:** The RFP states that the contract term is for a period of 20 years or longer if the Commission finds that a longer term is prudent. The Commission has not set a maximum term.

46. Is this RFP for transmission connected projects only? Not distributed interconnection (sub 34.5 kV system)?

**Answer:** There is no minimum limitation on the project size nor interconnection voltage level. A project could interconnect at the distribution level.

47. The RFP seeks to procure 7-10% of retail electricity sales in the State during calendar year 2018 where 14% is equal to 1.715 million MWh. This translates to 857,500 to 1,225,000 MWh (min/max) for Tranche 1. Since this is a 20-year contract, these MWh numbers represent the amount of power produced, in total, over the term of the 20-year contract. Using average industry numbers for panel degradation and specific yield, this is between 36 MWdc and 52 MWdc of installed system capacity. This seems like a relatively low number. Is this consistent with the State of Maine's expectations or were the MWh numbers in the RFP meant to represent just year 1 production?

**Answer:** The MWh amounts in the RFP are meant to reflect annual production levels, not total MWh over the contract term.

48. Is there a bidding fee?

**Answer:** No.

49. How do we submit proposals?

**Answer:** Instructions for submitting bids through CMS are available on the Commission's web page for this procurement. Bidders must submit their proposals through the Commission's CMS filing system in this procurement docket, 2020-00033. This is a secure docket to keep bids confidential. As such, you will not be able to see when a bid has been submitted. A bidder may contact PUC staff or the clerk of the PUC, Paula Cyr, to confirm that a bid has been submitted and is entered in the CMS docket.

50. Does the Commission have a preference for how multiple proposals related to a single project should be presented? Can a bidder present a single master proposal for a project with alternate service and pricing options identified within?

**Answer:** The suggestion for a single master proposal with various options is preferable.

51. Does the PUC have a preference for when projects will come on line?

**Answer:** There is no required timing of projects. The RFP requires the bidder to provide the in-service date or projected in-service date at section 4.1(b).

52. The RFP section 3.8 requires the bidder to warrant its firm and final bid. What if the project is awarded, but the bidder, for unforeseen circumstances, is unable to go to final contract on the project as proposed? Will the PUC seek recourse against the bidder.

**Answer:** We cannot provide a definitive answer to this question. It would depend on the circumstances surrounding the withdrawal of a bid after awards have been made.

53. What obligation, if any, is there to execute the PPA, if offered? If there are significant changes in the commercial situation between bid and PPA execution can the bidder elect not to sign the contract?

**Answer:** See answer to question 52.

54. What is the pricing delivery point?

**Answer:** The delivery point is the pricing node for the ISO market or an appropriate point for projects in the NMISA area.

55. How will the Commission evaluate proposed projects with different delivery points?



**Answer:** Generally, the Commission has looked to the value of energy and capacity at the point at which the products are delivered, e.g. for energy—the pricing node.

56. Does this have to be an ISO-NE project?

**Answer:** No, it can be for a NMISA market.

57. Is there an expectation that projects will be awarded based on getting a technology?

**Answer:** There is no preference listed for a distribution or mix of technology for how the energy is generated.

58. If a contract is awarded for the sale of energy, is the seller able to sell the RECs in another market?

**Answer:** There is no prohibition on the seller's ability to sell RECs related to the energy it is selling in a contract that results from this procurement.

59. If we have multiple project locations, is it best to compile them into one proposal or break them into multiple proposals? If we want to offer the option for energy storage, should that also be two separate proposals – one with solar only and one with solar and storage.

**Answer:** Bidders may structure their proposals in alternative formats so long as they meet the requirements of the RFP, which specifies in section 2.2.2 that an energy storage system be collocated with a qualifying resource and, further that a bid that includes an energy storage system must include a proposal with storage and a proposal without storage. For purposes of efficiency of presentation, one proposal package with different pricing options outlined therein is preferable.

60. How will energy shaping be considered?

**Answer:** Please see the response to Question 23. In the past we have looked at hourly LMPs in the ISO market for similar projects in the ISO for a recent historic period. Bidders should provide a good faith estimate of hourly output of the facility to allow the Commission to estimate the expected annual energy value from the bidder's project for comparison purposes to other projects.

61. For the letter of credit required for credit support, could we have guidance on the amount to provide to our bank? To the extent there is a carrying cost for the letter of credit, it is challenging to know how a bidder can accurately set the amount. In other jurisdictions there is a flat dollar per megawatt amount or a cap. It would be best to have a one-size-fits-all approach.

**Answer:** The level of credit support that will be required will be established by the Commission and will be proposal specific. As stated in Section 3.5 of the RFP, the specific amount of performance security will be determined based on the Commission's assessment of the contract prices and payments, the expected benefits to the Maine economy and other risks and benefits of the contract. We

are not able to provide a blanket amount in the abstract. Commission staff has discussed the possibility of a cap or allowing performance security to be provided on a rolling basis. Bidders should specify any proposals for capping or limiting performance security in their proposal. Any such proposals will not automatically disqualify the bid.

62. With respect to the claimed benefits provision of the contract, the adjustment construct is a mechanism of the Commission, which introduces bidder risk and uncertainty regarding the financing. This could impact the bid price. Is there a way to reduce some of the uncertainty?

**Answer:** The price adjustment mechanism is intended to provide a method for the Commission to ensure that any claimed economic benefits to the state (for which there is a 30% evaluation weighting) will actually be delivered. We understand the challenge this component of the structure poses for financing. Establishing the maximum of a 30% for contract payment reductions (see section 3.4 of the RFP) was intended to create certainty for the bidders and their lenders regarding the limit on contract payment adjustments.

63. With the claimed in-state benefits contained in the contract reflect what was proposed in the bid? Or will it reflect the Commission consultant's numbers?

**Answer:** With respect to the contract obligations, the in-state benefits in terms of metrics such as numbers of jobs and capital investment levels claimed by the bidder will be used. It is not the intent to "second-guess" these metrics provided by the bidder in its proposal. By way of example, if the proposal claims that it will produce five full-time jobs in every year of operation, that is the metric that will be incorporated into the contract as Claimed In-state Benefits. The Commission will consider the analysis of its consultant to establish the value to the Maine economy from these claimed metrics.

64. Who has the Commission retained as an expert?

**Answer:** Rachel Bouvier of rbouvier consulting is the consultant. The consultant will use the resource specific JEDI models, developed by the National Renewable Energy Laboratory. The JEDI model uses a basic input-output economic model, in this case, the model used by the Minnesota IMPLAN Group (MIG), to estimate the employment and multiplier impact within a local area.

65. On the contract price, is there an opportunity to make up for a contract payment reduction if the performance of in-state benefits improves later in the contract period?

**Answer:** If the bidder wants to propose a contractual mechanism for this it will be considered.

66. With the standard contract being posted a few days ago and with the amount of work required to prepare a bid, plus concerns about the coronavirus, would the Commission consider pushing back the deadline for bids?

**Answer:** A bidder must seek relief or an extension of the deadline in the form of a filing to the Commission in this docket.

67. As written the contract does not allow assignments without Commission approval. Is it possible to use a different party from the bidder, such as an affiliate, to execute the contract?

**Answer:** Yes. It should be reflected in your contract redline and described clearly in the proposal.

68. At the end of the process will the winners be listed publicly?

**Answer:** Yes, as noted in section 6.2 of the RFP, the name of the bidder, identification of the project and price will be made public.

Dated at Hallowell, Maine, this 13<sup>th</sup> day of March, 2020.

BY ORDER OF THE HEARING EXAMINER



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Elizabeth J. Wyman