



Offshore Wind Renewable Energy Credits Request for Information OSW-2018

Comments Due: August 10, 2018 by 5:00 p.m. Eastern Time*

The purpose of this Request for Information (RFI) is to acquire feedback that will assist the New York State Energy and Research Development Authority (NYSERDA) in developing a Request for Proposals (RFP) for Offshore Wind Renewable Energy Credits (ORECs) pursuant to the New York State Public Service Commission (PSC) *Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement* issued in Case No. 18-E-0071 and dated July 12, 2018.

Respondents should provide only information that can be made public by NYSERDA. All responses to this RFI will be published to NYSERDA's website as submitted and should therefore not contain any confidential or proprietary information.

Respondents are not required to answer all questions and should focus on questions relevant to their field of expertise.

Comments and feedback should be submitted via email to offshorewind@nyserda.ny.gov, with the subject line "RFI OSW-2018 Comments." Electronic submission is preferred. Alternatively, mailed or hand-delivered comments must be clearly labeled and submitted to:

RFI OSW-2018 Comments – Large Scale Renewables Team
New York State Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399

NYSERDA will hold a technical conference on Monday, July 23 from 1:00 to 4:00 p.m. ET to discuss topics related to the solicitation process and this RFI at the Department of Public Service's New York City office (90 Church Street) and via webinar

- If you wish to participate in person, you must RSVP to offshorewind@nyserda.ny.gov no later than 5:00 p.m. ET on Friday, July 20.
- If you plan to participate via webinar, please [register online](#).

Confirmation of in person registration and/or webinar access will be emailed to participants following receipt of RSVP or registration.

If you have technical questions regarding this RFI, please contact offshorewind@nyserda.ny.gov.

I. Introduction

NYSERDA seeks input in the development of an RFP to be issued in 2018 for the competitive solicitation of proposals to enter into cost-effective long-term contracts for ORECs pursuant to the Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement issued by the PSC in Case No. 18-E-0071 on July 12, 2018 (Order). The Order can be downloaded from the Department of Public Service web page, www.dps.ny.gov, by clicking "Search" and entering "18-E-0071" in the "Search by Case Number" field. The full record of the proceeding may also be viewed here, including the "Offshore Wind Policy Options Paper" filed by NYSERDA on January 29, 2018, and responses to the "Notice Soliciting Comments" that was issued on April 11, 2018.

With this RFI, NYSERDA seeks to gather stakeholder input in a number of important areas regarding the implementation of the Order to inform the drafting of NYSERDA's forthcoming RFP.

II. Content of Response

Responses should be concise and focus on areas in which the respondent has a particular interest or expertise. Please limit your response to no more than 30 pages. Respondents are not required to address all subject areas or to address all questions in a given subject area.

The following information and items must be included in every response to this RFI:

- Respondent's name, affiliation, title, and primary contact information.
- Identify and provide general background about your organization, including a summary of any previous experience that could be relevant to this RFI.
- Each response should include the RFI question number and the page number.

III. Information Requested

Procurement Schedule

1. The first solicitation will be issued in the fourth quarter of 2018 (Order, p. 27).
 - a. How much time do proposers need to develop proposals, *i.e.*, time between issuance of the RFP and the proposal submission date?
 - b. What factors (*e.g.*, available staff, geotechnical and engineering studies, supply chain negotiations, ongoing data collection) drive the time needed to prepare proposals?
2. NYSERDA proposes requiring bids to remain firm and binding for 6 months in regard to the OREC pricing provisions and other commercial provisions. Is this duration reasonable, or is a longer or shorter time period warranted? What key factors affect how long a proposal can remain firm? How does this timeframe affect the preparation of the proposal?

Procurement Quantity

3. The Order requires NYSERDA to seek approximately 800 MW of capacity between procurements in 2018 and 2019. Should the 2018 RFP prescribe a minimum capacity or a minimum annual OREC quantity per bid, and if so, what should the minimum be? Should the 2018 RFP prescribe a maximum capacity or annual OREC quantity per bid, and if so, what should the maximum be?

4. Should the 2018 RFP allow bidders to submit multiple bids with differing capacity or OREC quantities? Should this be a continuous range, or should specific discrete target quantities be prescribed by NYSERDA?
5. The Order notes that NYSERDA could award more than 800 MW in the first year alone to secure economic development benefits or to accept low bid prices that take advantage of the expiring federal tax credits. What should the RFP include to promote these benefits?

Interconnection and Deliverability

6. Are there unique challenges associated with interconnection of offshore wind into downstate New York injection points in New York City and/or Long Island that should be taken into consideration when preparing the RFP? If yes, please identify the challenges.
7. The Order requires that an eligible project must deliver its energy into the New York Control Area (NYCA), either by direct lead into New York or directly into an adjacent control area with transmission into NYCA (Order, p. 46).
 - a. Please specify the transmission service requirements and the transmission path from an adjacent control area to enable delivery into NYCA. What requirements should be included in the RFP to support NYSERDA's need to verify delivery into the NYCA?
 - b. For projects interconnected in a control area adjacent to NYCA but that deliver energy into NYCA, please describe the risks associated with such delivery. How should these risks be allocated? What options are available to proposers to manage such risks? Should the risk of curtailment be reflected in the contract? If so, how?
 - c. The Order adopted the energy delivery requirement employed by NYSERDA in its Renewable Energy Standard RFPs (Order, p. 46, fn. 45). Are there revisions to that requirement that would assist developers in obtaining financing, or in estimating the cost of delivery?
8. With respect to capacity attributes of projects:
 - a. What transmission arrangements would have to be made in ISO-NE or PJM to facilitate the long-term delivery of capacity to NYCA? What requirements should be included in the RFP for NYSERDA to evaluate the feasibility of delivery of capacity to NYCA?
 - b. For projects interconnected in a control area adjacent to NYCA but that deliver capacity into NYCA, please describe the risks associated with such delivery. How could these risks be allocated? What options are available to proposers to manage such risks?
9. What level of detail should proposers be required to provide to demonstrate the reasonableness of their transmission cost estimates for HVDC or AC export cables, interconnection, and/or transmission system upgrades (if needed) included in their bid prices?
10. How should NYSERDA consider a strategic partnership between an offshore wind developer and a transmission owner in project viability or other award determinations? Are there reliability, economic, and/or operational benefits associated with such a strategic partnership as it pertains to "wet transmission," i.e., onshore substation, offshore substation and export cable?

OREC Pricing Options under the Index OREC Structure

11. Should bids be restricted to a single nominal strike price for the entire contract period? If yes, why?
 - a. In the alternative, should proposers be permitted to submit a schedule of nominal strike prices that vary each year? If yes, should a schedule of nominal prices that vary by year be limited to a fixed annual percentage escalator, or should annual changes be allowed to vary from year to year?
 - b. If the strike price changes annually, should the schedule of nominal prices be specified by contract year (beginning at actual commercial operation date) or by calendar year?
12. How should negative LBMPs be accounted for under this contracting structure?
13. Is the current NYISO first year UCAP factor (the ratio of UCAP eligible for payment to the operable capacity of a resource in a given settlement period) of 38% reasonable to apply as a fixed value throughout the OREC contract period? If not, why not?

OREC Pricing Options under the Fixed OREC Structure

14. Should bids be restricted to a single nominal OREC price for the entire contract period? If yes, why?
 - a. In the alternative, should proposers be permitted to submit a schedule of nominal OREC prices that vary each year? If yes, should a schedule of nominal prices that vary by year be limited to a fixed annual percentage escalator, or should annual changes be allowed to vary from year to year?
 - b. If the OREC price changes annually, should the schedule of nominal prices be specified by contract year (beginning at actual commercial operation date) or by calendar year?
15. How should negative LBMPs be accounted for under this contracting structure?

Bid Price Evaluation

16. How should the Benefit Cost Analysis Framework set forth in Case 14-M-0101 (Reforming the Energy Vision) be applied or otherwise refined in the 2018 RFP regarding price evaluation?
17. Per the Order, the Fixed OREC and Index OREC bids will be weighted for consideration in the price component of the evaluation (Order, pp. 39-40, Appendix B). What weighting should be chosen for each option and why?
18. What bid price evaluation process “lessons” have been learned from offshore wind procurements in other jurisdictions that NYSERDA should take note of for purposes of the 2018 RFP?
19. NYSERDA will use a maximum acceptable bid pricing metric in the solicitation (Order, p. 42). What factors should and should not be considered in setting the maximum acceptable bid price?
20. How should the Index OREC strike price be adjusted to account for the included energy and capacity components in order to be structurally comparable to the Fixed OREC price, for purposes of both (i) comparison to the maximum acceptable bid price; and (ii) calculation of a weighted average bid price

21. Are there other provisions that are consistent with the structure of the order that would, if included in the RFP, allow for more competitive pricing?
22. NYSERDA retains the authority to reject all bids (Order, p. 43). What factors other than the maximum acceptable bid metric should be considered when determining whether to select or reject bids?

Economic Benefits

23. In addition to project-specific spending and job creation in New York State, the Order encourages investment in enabling supply chain and infrastructure in New York, and commitments to offshore wind industry and supply chain stimulating activities that create real, persistent and sustainable institutional or labor capabilities in New York State, and that lower the cost of future offshore wind projects (Order, pp. 52-53).
 - a. What documentation of such commitments should be required in the RFP to demonstrate real and verifiable investments in these categories?
 - b. How should NYSERDA evaluate whether any investment is likely to lower the cost of future offshore wind projects?
24. In accordance with the Order's guidance to include a local content provision in the evaluation criteria (Order, p. 52), NYSERDA may require that proposers file an Economic Benefits Plan (EB Plan), to demonstrate its commitments. The purpose of this EB Plan is (i) to explain and justify the proposer's claims, and (ii) to help evaluators consider the viability of claims. What information should be required in an EB Plan to support scoring of:
 - a. Supply chain and supportive infrastructure investments?
 - b. Opportunities for New York State businesses to bid on project expenditures?
 - c. Enabling investments in activities, *e.g.*, workforce development, R&D, other?
25. NYSERDA may establish a minimum requirement in the RFP to provide opportunities to New York State firms for project-related expenditures. Options include (i) requiring that opportunities for contracts be communicated to a New York State vendor list maintained by NYSERDA, and (ii) requiring that each proposer provide opportunity for New York State firms to bid on contracts representing some percentage of total project costs.
 - a. What categories of expenditures are reasonable to apply such a requirement to?
 - b. With respect to approach (ii), please comment on the practicality of such a requirement; what level of demonstration would be required; what is a reasonable specified percentage of total project costs to require; and what exceptions would it be reasonable to include.
26. In accordance with the Order, NYSERDA is interested in conveying greater weight to those expenditures and investments that (i) create persistent institutional or labor capabilities in NYS, and (ii) lower the cost of future offshore wind projects (Order, pp. 52-53). Please comment on:
 - a. The proposed approach;
 - b. What information may be reasonable to use as the basis for assigning such additional weight; and

- c. How much additional weight is appropriate to assign to expenditures or investments that create such benefits.
27. NYSERDA may establish penalties or other contractual repercussions, such as those used in its Renewable Energy Standard Tier 1 solicitations, which reduce the contract price in proportion to any shortfall below 85% of the economic benefits claimed, based on the independent audit of benefits realized during the first three years of commercial operations. Here, NYSERDA is considering: (i) reducing the contract price in proportion to the shortfall; (ii) requiring seller to make additional investment to make up a shortfall; or (iii) requiring seller to submit a payment in proportion to a shortfall to fund related activities. Please comment on these alternative approaches.
28. If a fishing compensation program is submitted in conjunction with the fisheries management plan, how should the proposer quantify the economic impacts? How should the fishing compensation plan be considered along with other economic benefits (Order, p. 48)?
29. The Order recognizes that the development of offshore wind creates the potential for high-quality employment opportunities and therefore presents a significant potential benefit to New York State. What measures or arrangements do you consider the most efficient and effective ways to:
- a. Ensure that the maximum potential high-quality employment opportunities are available to New Yorkers?
 - b. Ensure that a properly trained, highly-skilled and qualified workforce is available to fill the various labor needs throughout the duration of the project?
 - c. Ensure opportunities for the participation of New York small businesses?

Project Viability

30. What information and documentation should be required of proposers to demonstrate viability (please be specific as to the type of information and the level of detail which should be submitted), as follows, based on the criteria listed in the Order (Order, p. 53):
- a. Permitting Plan and Status: What level of detail should a proposer provide with respect to the project permitting plan and the status of each required permit?
 - b. Financing Plan: What level of disclosure should a proposer be required to submit to demonstrate financial strength, *e.g.*, audited financial statements, project pro forma, expressions of interest from equity and debt investors, other?
 - c. Developer Experience: How should proposers demonstrate that each member of the proposed project team has sufficient relevant experience to finance and develop the project?
 - d. Proposed Technology: What level of detail should a proposer provide with respect to the project design and construction plan? How specific must a development plan be with respect to turbine arrangement, number and size of turbines, foundation design, turbine / blade selection, electrical collector station, export cable design / route, landfall location, and interconnection point(s)?
 - e. Development and Logistics Plan: What level of site control should be required for the necessary port facilities and other support infrastructure? What level of detail should be

required in order to demonstrate the reasonableness of proposer's equipment procurement plan, including selection and scheduling for construction vessels? Should proposers be required to submit a decommissioning plan, and if so, what level of detail and specificity should be required?

- f. Interconnection Status: Should the RFP require additional minimum requirements, beyond a valid interconnection request having been submitted to NYISO, with respect to completion of interconnection studies and the project's status in the interconnection process? If so, what should the requirements be? Please describe in detail how transmission and interconnection cost risk should be analyzed by NYSERDA.
- g. Reasonableness of Project Development Milestones: What milestones should be included in the development plan? What factors determine the reasonableness of the milestone schedule?
- h. Community Outreach: How should proposers be required to credibly demonstrate their community outreach and support?
- i. Environmental Impact: At the time of proposal submission, what geotechnical, geophysical, biological, and archeological studies should be completed and available?
- j. Wind Resource Assessment: At the time of proposal submission, what wind resource studies, turbine power curve data, energy yield calculation, gross (turbine) output, expected availability, and losses by category should be available or provided? Should this information be indicative or binding? What changes should be allowed?

Marine, Environmental and Other Impacts

- 31. The Commission Order references that the Offshore Wind Master Plan and its incorporated study that concluded that a 20-mile setback from any coastal position would minimize visual impacts during most times of day (pp. 49-50). NYSERDA has the discretion to tailor the setback requirement if it determines that a modified approach is necessary to optimize the overall environmental and economic benefits.
 - a. What factors should NYSERDA consider in determining the RFP's setback requirement?
- 32. The Order includes a number of provisions relating to environmental concerns and commercial fishing interests (Order, pp. 47-48) including the development of best management practices and the submission of a fisheries mitigation plan.
 - a. Are there examples of best management practices that could serve as a useful starting point for environmental and commercial fishing considerations?
 - b. What information should proposers be required to provide in their fisheries mitigation plan to demonstrate potential mitigation measures in this area? What level of specificity is appropriate?
 - c. What commitment should proposers provide regarding how they will work with the commercial fishing communities to design and operate sites that provide the greatest practical access for commercial fishing (by gear type) and for commercial vessel (and other maritime shipping interest) navigation and transit through turbine arrays?

33. The Order requires that environmental data collected by the developer be made publicly available, except data normally considered proprietary. What environmental data collected by developers should be made publicly available and what data should be considered proprietary?
34. The Order suggests that NYSERDA file a proposed revision to the Environmental Research Program's Clean Energy Fund Investment Plan to support offshore wind environmental research.
 - a. How much funding should be made available to support State-sponsored environmental research, and over what timeframe?
 - b. How could these funds be used to best reduce risk and advance responsible development of offshore wind?

Eligibility/Contract Provisions

35. To encourage the greatest participation by offshore wind developers, what specific considerations should be made in defining eligibility and threshold requirements, bid flexibility, and other procurement mechanics?
36. NYSERDA has the discretion to determine additional eligibility requirements for participation in the solicitation beyond those defined in the Order (Order, p. 46).
 - a. Are there additional eligibility requirements that should be included in the solicitation? If so, what are the (dis)advantages of imposing such eligibility requirements on proposers?
37. NYSERDA will have discretion in fixing specific contract terms between 20 and 25 years (Order, p. 41). Should NYSERDA require proposers to submit offers for one or more specified terms, or allow respondents to propose a term length?
38. What factors should be considered in setting a latest allowable commercial operation date (COD) (Order, p. 46)?
 - a. How should the contract address delays in achieving the COD?
 - b. Should liquidated damages (LDs) be employed to foster timely commercial operation? Related to LDs, what factors should be considered in determining the reasonableness of a delayed COD?
 - c. If a selected project is not completed by the contractual COD, what size financial penalty should be levied for failure to perform?
39. The development of offshore wind is important to New York both economically and environmentally. Timely completion of an offshore wind project, in a cost-effective manner, is critical. What measures or arrangements do you consider the most efficient and effective ways to:
 - a. Ensure that the project proceeds on-time and on budget, and is protected from potential disruption and delays due to labor disputes?
 - b. Ensure construction management flexibility to coordinate the work of multiple trade contractors, including both union and non-union contractors, who might otherwise be subject to different restrictions, and to efficiently respond to any project-specific construction standards?

40. The Order states that “[i]f NYSERDA awards a contract using the Index OREC method, the contract will specify conditions that may trigger a reversion to the Fixed OREC method and price that was bid” (Order, p. 40).
- a. How should this provision be included in the contract?
 - b. What conditions could trigger the reversion?
 - c. Should there be a limited timeframe within which such a reversion must be exercised?
41. Are there any other topics or risks that NYSERDA should consider in drafting the RFP?

IV. General Conditions

Outcome

The information gathered by NYSERDA will be advisory only and is not binding on any state agency, office, commission, or public authority. Any actions recommended by NYSERDA will be subject to all applicable laws, including procedural, regulatory and environmental review requirements.

Disclaimers

This RFI is neither a contract offer, nor a request for proposals and does not commit NYSERDA to award a contract, pay any costs incurred in preparing a response, or to procure or contract for services or supplies. Respondents are encouraged to respond to this RFI; however, failure to submit a response will not impact a Respondent’s ability to respond to any future competitive solicitation process (if any) for projects, or influence the selection of a service provider going forward or affect its rights and obligations under any applicable laws or in any legal proceeding. NYSERDA reserves the right to discontinue or modify the RFI process at any time, and makes no commitments, implied or otherwise, that this process will result in a business transaction or negotiation with one or more Respondents. All costs associated with responding to this RFI will be solely at Respondents’ expense.