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July 9, 2018

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. 4822: Solicitation of Long-Term Contracts for Renewable Energy and Renewable Energy Certificates (“RECs”), Pursuant to R.I. Gen. Laws § 39-26.1-1 *et seq.*

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) enclosed are the Company’s reply comments with regard to its draft Request for Proposals (“RFP”), which is for review and approval by the Rhode Island Public Utilities Commission (“Commission”) pursuant to the Long-Term Contracting Standard for Renewable Energy (the “LTCS”), and in accordance with the “Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy,” promulgated by the Commission.¹ As you know, the Company has designed this RFP to solicit energy, RECs and renewable energy attributes from up to 400 megawatts of newly developed renewable energy resources, and it seeks the Commission’s approval of this RFP as a reasonable, open, and competitive method of soliciting such proposals.²

As described and shown in the attached reply comments and revised RFP, National Grid has considered the memorandum and comments submitted by the intervenors in this proceeding. Please find enclosed:

- (1) a Certificate of Service and Service List
- (2) the Company’s Reply Comments
- (3) clean RFP; and
- (4) redlined RFP

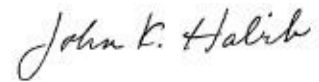
¹ The LTCS requirements can be found in R.I. Gen. Laws § 39-26.1-1 *et seq.*, and the Commission’s regulations were adopted in accordance with R.I. Gen. Laws § 39-26.1-5(e).

² Narragansett’s timetable and method for solicitation and execution of such contracts is subject to review and approval by the commission prior to its issuance, pursuant to R.I. Gen. Laws § 39-26.1-3(b).

The Company hereby requests that the Commission review the revised RFP and find that it is a reasonable, open, and competitive method of soliciting proposals for renewable energy supply and RECs, pursuant to the LTCS.

Thank you for your consideration of this request.

Very truly yours,

A handwritten signature in black ink that reads "John K. Habib". The signature is written in a cursive style with a large initial 'J' and 'H'.

John K. Habib

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

John K. Habib

July 9, 2018

John K. Habib

Date

Docket No. 4822 – National Grid – RFP for Long-Term Contracting for Renewable Energy and RECs up to 400 MW

Service List updated 6/22/18

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

Solicitation of Long-Term Contracts for Renewable Energy)
and Renewable Energy Certificates,)
Pursuant to R.I. Gen. Laws § 39-26.1-1 et seq.)
_____)

Docket No. 4822

**REPLY COMMENTS OF THE
NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
ON SOLICITATION OF LONG-TERM CONTRACTS FOR
RENEWABLE ENERGY AND RENEWABLE ENERGY CERTIFICATES**

I. Introduction and Background

On April 23, 2018, the Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed its draft Request for Proposals (“RFP”) for review and approval by the Rhode Island Public Utilities Commission (the “Commission”), pursuant to the Long-Term Contracting Standard for Renewable Energy, R.I. Gen. Laws § 39-26.1-1 et seq. (“LTCS”) and the “Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy” (“Regulations”). This matter was docketed as Docket No. 4822. The RFP will solicit bids for energy and renewable energy certificates (“RECs”) from newly developed renewable energy resources up to 400 megawatts (“MW”), under long-term contracts. National Grid seeks the Commission’s approval of this RFP in order to satisfy its remaining obligations under the LTCS, and to advance Governor Gina M. Raimondo’s goal of facilitating the development of 1,000 MW of clean energy resources by 2020. The RFP was drafted in consultation with the Rhode Island Office of Energy Resources (“OER”) and the Rhode Island Division of Public Utilities and Carriers (“Division”).

In accordance with a procedural schedule issued by the Commission on May 10, 2018, comments were filed on June 7, 2018 by the following intervenors: Brookfield Renewable; Vineyard Wind LLC; FirstLight Power Resources, Inc.; RENEW Northeast, Inc. (“RENEW”); and Bay State Wind LLC (“Bay State Wind”). On June 22, 2018, the OER and the Division submitted a joint memorandum on the Company’s RFP (“Joint Memo”). The Company hereby submits its rebuttal memorandum (“Company Reply Comments”).

II. Joint Memo Recommendations

a. Overview

Overall, the Joint Memo found that the RFP, evaluation, selection process, and timetable conform to industry standards for transparency and fairness relative to similar renewable procurements undertaken in Rhode Island and across the region (Joint Memo at 2). Here, the Company will not address the comments in the Joint Memo that supported the RFP, as drafted.

However, the Joint Memo made several recommendations for changes to the RFP. Such recommendations are: (1) maintaining the overall target procurement amount of 400 MW, while defining an individual project contract cap, in the range of 200 MW to 300 MW; (2) making three changes to the RFP to conform to the LTCS Regulations by (i) explaining the rationale for choosing to conduct a competitive public solicitation rather than negotiation with individual developers, (ii) stating the Company’s intent regarding the use of the products procured under this solicitation, and (iii) addressing what Narragansett intends to do in the event that no contracts are selected through this solicitation; and (3) clarifying the bidder requirements for demonstrating site control. The Company will address each of these recommended changes.

b. Individual Project Contract Cap

The RFP establishes a maximum procurement target of 400 MW of eligible resources. As suggested by the Joint Memo at 6, this target strikes a reasonable balance between the competing objectives of considering a sizeable, but not overly large, amount of renewable energy and RECs now. However, if the Company receives one or more attractive bids from large projects, selecting those projects may foreclose the opportunity to select attractive smaller projects, which may also provide some resource diversity benefits. In order to preserve as much flexibility and optionality as possible in selecting a portfolio of contracts, the OER and the Division recommend setting a cap on the maximum contract size for a conforming bid; likely in the range of 200 MW to 300 MW (Joint Memo at 6). Upon consideration, the Company agrees that the RFP should be revised to address this, and has included a revised copy to establish a 200 MW cap per project.

c. Recommended Changes to Conform to the LTCS and Regulations

The Joint Memo recommends three changes to the RFP to conform to the LTCS and associated Regulations. First, the Joint Memo at 4-5 notes that the Company may conduct an annual public solicitation or to undertake individual negotiations, and must explain the rationale for choosing the proposed method selected for the solicitation and for rejecting other methods. See R.I. Gen. Laws § 39-26.1-3(b); Regulations Section 4.2(a).2. Second, “unless the commission approves otherwise, all energy and capacity purchased by an electric distribution company pursuant to this chapter shall be immediately sold by the electric distribution company into the wholesale spot market” and the filing must “set forth the Electric Distribution Company’s intent regarding the use of energy, capacity, NEPOOL GIS Certificates, and any

other attributes procured” R.I. Gen Laws § 39-26.1-5(b); Regulations Section 4.2(a).4.

Finally, the RFP must “address how the Electric Distribution Company will seek to fulfill its annual obligation in the event the annual solicitation does not result in the execution of

Commercially Reasonable contracts to fulfill the annual obligation.” Regulations

Section 4.2(a).6. Based on these recommendations, the Company agrees that the RFP should be revised to address each of these items, and has included a revised copy of it to implement these

changes. While the revised RFP now states that the Company expects to sell the energy and

RECs resulting from any long-term contracts selected from this RFP, the Company’s intent may

change in the future, based on changed circumstances (e.g., changes to the Company’s

Renewable Energy Standard (“RES”) obligations, changes to customer load, etc.). Each year,

the Company submits standard offer service and RES procurement plans with the PUC. In the

event that the Company’s strategy changed, those plans could include a request to the

Commission to use the energy and RECs rather than selling them.

d. Clarifications to Site Control for Offshore Wind Projects

In general, the Joint Memo at 6-8 supports the eligibility and threshold requirements, including site control, interconnection and delivery requirements, minimum and maximum contract size, technology requirements, demonstrated relevant experience, and project schedule requirements in Section 2.2.3.2 of the draft RFP. However, with regard to RFP Section 2.2.3.3, the Joint Memo at 6 observes that offshore wind project development can be considerably longer than for land-based renewable projects due to siting constraints, logistic complexity, permitting timelines and construction windows. Echoing the comments of Vineyard Wind and RENEW, the Joint Memo at 8 suggests that offshore wind projects may need some latitude on having full

site control for the project from the generator location to the point of transmission interconnection, or they will be at a disadvantage in the RFP. Instead of full site control, offshore wind bidders should hold an irrevocable right or option to develop the entire generator site footprint in a BOEM lease area, should identify the extent of site control and provide a feasible, detailed plan for acquiring any additional necessary rights for the generator lead line route for transmission interconnection, but letters of intent should be adequate for the transmission interconnection because the entire final route of the generator lead line may not be finalized (Joint Memo at 8). This would also be consistent with the recent RFP for offshore wind energy conducted in Massachusetts, and does not unduly discriminate against offshore wind projects (Joint Memo at n.4 and 8). The Company agrees that the RFP should be revised to address each of these items, and has included a revised copy of it to implement these changes.

III. Comments by Other Intervenors

The Company does not agree with all recommendations included in the comments submitted by other intervenors in this proceeding. However, the Company will only address two specific points raised by RENEW and Bay State Wind here because, if approved, they are likely to have significant cost implications for the Company's customers.

First, the Company opposes the recommendation that more weight should be placed on non-price factors than the 20 percent weighting ascribed to this category in RFP Section 2.3.2.2 (Bay State Wind at 2-3). To the extent that greater weight is placed on non-price factors within the evaluation process, all other things being held equal, it would likely change the relative project rankings, reduce the scores of more cost-effective renewable energy projects, and

increase the overall price of the bids and future contracts, all of which will be borne by the Company's customers for 10 to 15 years. The RFP's current allocation of 80 percent for price factors and 20 percent for non-price factors is appropriate and should not be changed.

In addition, the Company opposes the recommendation that the bid evaluation period outlined in RFP Section 2.2.4.1 should be shortened from 270 days to the "minimum necessary" in order to: (1) reduce suppliers' financial risks from potential changes in market conditions after bid submissions; (2) minimize the risk premium that suppliers will likely include in their offer; and (3) increase the likelihood of project pricing reflecting a higher PTC value- due to the phase-out discussed above- and therefore lower prices (RENEW at 2). In designing the schedule for this process, the Company is preparing to conduct a careful, robust quantitative and qualitative evaluation, in consultation with OER and the Division, to assess the relative benefits of a diverse group of renewable energy technologies over 10 to 15 years. This type of process will take time. Changes to market conditions are always a possibility, no matter the length of the evaluation process, and bidders must plan for those risks accordingly. If bidders choose to add significant risk premiums to their prices, it increases the likelihood that a project price will be out of market and ineligible. Finally, bids in response to the RFP are expected to be due in October, and the adjustments to federal tax credits occur annually. It would be impossible for the Company to complete the type of careful evaluation that it is preparing to conduct prior to the end of the current calendar year, and it would not be in the best interests of its customers to rush through the evaluation.

IV. Changes to the RFP Schedule

However, upon closer examination of the schedule included in draft RFP Section 3.1, the Company proposes several adjustments to improve the proposed schedule. First, the Company proposes to advance the due date for bids from a Friday at noon, to a Thursday at noon, which may reduce risk for bidders of any potential problems with bid signatures, bid filing, and/or bid fee submission. Also, Regulations Section 4.9 provides the Company with five days to consult with the Division, which the Company interprets as business days instead of calendar days, based on the other deadlines for days within the Regulations and past Commission-approved LTCS RFPs, and has amended to October 25, 2018. In addition, a six-month evaluation period that begins on October 25, 2018 would run until approximately April 18, 2019, and the Company has amended the deadline for bid selection, accordingly. Plus, if bids are to remain open for 270 days, that timeframe would begin on October 18, 2018 and run until July 15, 2019. Finally, because the estimated deadline for filing the contracts with the Commission is August 17, 2019, which is a Saturday, the Company has amended it to August 20, 2019.

V. Conclusion

This constitutes a complete list of the changes that the Company is willing to make to the draft RFP. For ease of reference, redlined and clean copies of the revised RFP are attached to the Company Reply Comments.

REQUEST FOR PROPOSALS

FOR

LONG-TERM CONTRACTS FOR

RENEWABLE ENERGY

Issuance Date:

August 20, 2018

The Narragansett Electric Company d/b/a National Grid

nationalgrid

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- Appendix E Bid Fee Instructions**
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I. Introduction and Overview

1.1 Purpose of the Request for Proposals (“RFP”)

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”), an investor-owned electric distribution company serving customers in Rhode Island, seeks proposals for the supply of energy as well as Renewable Energy Certificates and related attributes¹ (collectively, “RECs”) from eligible renewable energy projects under one or more long-term power purchase agreements (“PPAs”). This RFP is being issued pursuant to the Long-Term Contracting Standard for Renewable Energy (the “LTCS”) and in accordance with the “Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy,” promulgated by the Rhode Island Public Utilities Commission (“PUC”).² The LTCS and the Regulations are included as Appendix C to this RFP.

In addition to satisfying its obligations under the LTCS, National Grid is issuing this competitive RFP to support Governor Gina M. Raimondo’s goal of increasing Rhode Island’s clean energy portfolio ten-fold by 2020 by procuring up to an additional 400 megawatts (“MW”) nameplate capacity of renewable energy.³ Accordingly, National Grid may, but is not required to, select up to 400 MW of renewable energy projects through this RFP if they meet the requirements of the LTCS, subject to PUC approval. See R.I. Gen. Laws §§ 39-26.1-3(a) and (c)(1). Also, in furtherance of Governor Raimondo’s goal to include other Rhode Island utilities in this solicitation, the Pascoag Utility District (“PUD”) and the Block Island Power Company (“BIPCo”) may be invited by National Grid to purchase a portion of the energy and RECs from any selected project(s).⁴

In this RFP, National Grid is soliciting energy and RECs from renewable energy resources with a nameplate capacity of at least 20 MW each that do not exceed 200 MW each, pursuant to executed PPAs with durations of 10 to 15 years.⁵ As explained in Section 1.2, the LTCS requires National Grid to solicit long-term contracts for a minimum amount of long-term contract capacity, and National Grid may enter into long-term contracts for more capacity, voluntarily, as long as such contracts also meet the LTCS requirements. Specifically, to be selected, bids must be “Commercially Reasonable,” and pricing under such contract(s) must be below the forecasted market price of energy

¹ Such RECs include Certificates issued in the New England Power Pool Generation Information System.

² The LTCS and the PUC’s authority to promulgate the Regulations can be found in R.I. Gen. Laws § 39-26.1-5(e) (the “Regulations”). The Regulations became effective January 28, 2010.

³ See Governor Gina M. Raimondo Press Release of February 5, 2018, “Raimondo Touts Goal to Make Energy System 10 Times Cleaner: Directs State Energy Team to Work with Utilities to Procure 400MW of Affordable, Clean Energy,” available at: <http://www.ri.gov/press/view/32439>.

⁴ After any project(s) have been selected by National Grid for PPAs, PUD and BIPCo may be allocated a portion of the energy and REC purchases based on their relative load shares, provided that such purchases are specifically authorized by PUD and BIPCo as being in the best interest of their ratepayers, and that such purchases are projected to reduce or have no effect on the cost to National Grid’s customers.

⁵ Long-term contract durations may exceed 15 years, upon approval of the PUC. R.I. Gen. Laws § 39-26.1-3(a). For more details, please refer to Section 2.2.2.4, “Allowable Contract Term.”

and RECs over the term of the proposed contract. More information and details about the LTCS obligation and its requirements are described in Section 1.2, below.

This RFP includes draft contracts for Clean Energy Generation (“Draft Contracts”) as Appendix D, and the terms of any PPAs will be finalized between National Grid and successful bidders based on the proposals submitted and selected in accordance with the process set forth in this RFP.

This RFP outlines the process that National Grid plans to follow, sets forth timetables regarding the solicitation process, provides information and instructions to prospective bidders, and describes the evaluation process that will be followed once proposals are received.

1.2 Statutory and Regulatory Framework of the LTCS

All PPAs approved under the LTCS must be commercially reasonable long-term contracts⁶ between electric distribution companies and developers or sponsors of newly developed renewable energy resources, and are ultimately subject to PUC approval. R.I. Gen. Laws § 39-26.1-1. Under the LTCS, PPAs must also meet “the goals of stabilizing long-term energy prices, enhancing environmental quality, creating jobs in Rhode Island in the renewable energy sector, and facilitating the financing of renewable energy generation within the jurisdictional boundaries of the state or adjacent state or federal waters or providing direct economic benefit to the state.” R.I. Gen. Laws § 39-26.1-1. However, no PPAs shall be awarded unless the pricing under such contract(s) is below the forecasted market price of energy and RECs over the term of the proposed contract. R.I. Gen. Laws § 39-26.1-3(f).

The LTCS requires that, at least once per year, an electric distribution company shall conduct solicitations until the minimum long-term contract capacity is met.⁷ R.I. Gen. Laws §§ 39-26.1-2(7) and 39-26.1-3(a). For that reason, and in order to attract and compare offers, the Company decided to conduct this public solicitation instead of conducting individual negotiations. R.I. Gen. Laws § 39-26.1-3(b); Regulations Section 4.2(a).2. In addition, National Grid may, in its sole discretion, procure additional commercially reasonable contracts for newly developed renewable energy resources on an earlier timetable or above the minimum long-term contract capacity, subject to PUC

⁶ As defined in R.I. Gen. Laws § 39-26.1-2(1) and Section 3.1 of the Regulations, “commercially reasonable” means terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy resources. Commercially reasonable shall include having a credible project operation date, as determined by the PUC, but a project need not have completed the requisite permitting process to be considered commercially reasonable. If there is a dispute about whether any terms or pricing are commercially reasonable, the PUC shall make the final determination after evidentiary hearings.

⁷ National Grid’s obligation to procure a minimum long-term contract capacity under the LTCS is 90 MW (or, the equivalent of 788,400 megawatt-hours (“MWh”) per year). See R.I.G.L. § 39-26.2. (To determine long-term contract capacity, nameplate capacity is typically adjusted by the capacity factor -- as determined by ISO-New England Inc. (“ISO-NE”) -- of each renewable energy resource.) As of December 30, 2017, National Grid had executed contracts for approximately 87 percent of the minimum long-term contract capacity required by the LTCS. National Grid is required by Section 5.3 of the Regulations to solicit the remaining approximately 13 percent of its LTCS capacity resulting from a terminated long-term contract, which is the equivalent of approximately 94,124 MWh or 10.74 MW.

approval. R.I. Gen. Laws § 39-26.1-3(c)(1). The amount of energy and RECs procured in this solicitation will depend entirely on National Grid's evaluation of the proposals submitted and National Grid's judgment as to whether there is value in selecting additional projects for the benefit of customers. See Section 5.4 of the Regulations. As explained in detail in note 7, above, National Grid is not legally obligated to execute PPAs for more than its minimum long-term contract capacity, but may do so voluntarily. In the event that the Company does not receive "Commercially Reasonable" bids in response to this solicitation, the Company will review its options again in 2019. See Section 4.2(a).6 of the Regulations.

To be eligible under this RFP, a generator must be a "newly developed renewable energy resource." Specifically, a "newly developed renewable resource" is defined by the LTCS and the Regulations as an electric generation unit that uses exclusively an eligible renewable energy resource to generate electricity, and that has neither begun operation, nor have the developers of the units implemented investment or lending arrangements necessary to finance the construction of the unit. R.I. Gen. Laws § 39-26.1-2(6); Section 3.16 of the Regulations. For more details on the eligibility of a facility under this RFP, please refer to Section 2.2.2.2, below.

All approved projects, regardless of their location, must "provide other direct economic benefits to Rhode Island, such as job creation, increased property tax revenues, or other similar revenues, deemed substantial" by the PUC, as determined on a case-by-case basis. R.I. Gen. Laws § 39-26.1-5(e); Section 5.2 of the Regulations.

In sum, a PPA must meet the following LTCS requirements for approval by the PUC:

- (a) the project must be qualified as a "newly developed renewable energy resource" (per R.I. Gen. Laws § 39-26.1-1 and Section 4.1 of the Regulations);
- (b) the PPA must be commercially reasonable, and pricing under such contract(s) must be below the forecasted market price of energy and RECs over the term of the proposed contract (per R.I. Gen. Laws §§ 39-26.1-1 and 39-26.1-3(f); Section 4.1 of the Regulations); and
- (c) regardless of whether it is located in Rhode Island or not, the project must provide substantial direct economic benefits to Rhode Island, such as job creation or property tax revenues, as determined by National Grid's analysis of the value of the respective direct economic benefits to the State of Rhode Island in relation to the cost under the contract (per R.I. Gen. Laws § 39-26.1-5(e); Section 5.2 of the Regulations).

1.3 Procurement Process and Evaluation Approach

The timeline following the issuance of this RFP for evaluation and selection, as well as the schedule for other steps in the process including approval by the PUC, is set forth below in Section 3.1. The procurement process is designed to have three stages of evaluation, as described in Section 2.1 of the RFP.

The evaluation of bids will be conducted by National Grid, in consultation with OER and the Division. See Chart 1, below. In Stage One, proposals will be evaluated on the basis of whether eligibility and threshold requirements are satisfied. Eligibility requirements are designed to ensure

that the proposals under review offer the appropriate product and PPA tenor from qualifying newly developed renewable energy resources. Threshold requirements are designed to ensure that proposed projects satisfy statutory criteria under the LTCS and meet minimum standards for viability. National Grid reserves the right to conduct further evaluation of a proposal, at its discretion, before the Stage One evaluation is complete.

In Stage Two, bids will be evaluated in a technology-neutral manner based on specified price and non-price evaluation criteria. This portion of the evaluation will be quantitative in nature (*i.e.*, a quantitative scoring system will be utilized). Proposals that pass the eligibility and threshold review and that score favorably in the Stage Two will advance to the final stage of the evaluation process.

In Stage Three, further evaluation of the remaining bids will be conducted on matters pertaining to project viability and the extent to which the bids, individually and as a portfolio, achieve a variety of objectives, including cost-effectiveness and diversity of resources. National Grid will select proposals for PPA consideration and negotiation from this pool. All three stages of the evaluation process, including the pertinent criteria, are described in Section II of this RFP.

1.4 Communications between National Grid and Bidders

With the exception of the bidders' conference (see Section 3.1, below), all pre-bid contact with prospective bidders and other interested parties will be via email and the National Grid energy procurement website provided in Section 3.5, below. Bidders should submit all questions by email, and National Grid will post responses to the website. Copies of proposals must be submitted to National Grid in the manner and at the mailing/delivery address set forth in Section 3.5 of this RFP.

Following the submission of a proposal, it is the bidder's responsibility to keep National Grid informed of any changes in the status of their proposals and/or projects for the next 270 days that its bid must remain open. National Grid retains the right to seek additional information from any bidder, and the right to negotiate modified pricing, until a final contract is developed.

II. Bid Evaluation and Selection Criteria and Process

2.1 Overview of Bid Evaluation and Selection Process

Proposals received by National Grid will be subjected to a consistent and defined review, evaluation, and selection process, as described in the following sections. Based on the results of the evaluation, National Grid will select proposals for contract negotiations, and will file any and all executed contracts for review and approval by the PUC.

2.2 Eligibility, Threshold and Other Minimum Requirements — Stage One

2.2.1 Introduction

In order to qualify for detailed evaluation, a proposal must be timely submitted⁸ and satisfy certain minimum requirements, which are: (1) eligibility requirements; (2) a variety of threshold requirements; and (3) other requirements pertaining to participation in this RFP, including bidder certifications and allowable pricing. If a proposal does not satisfy all of these Stage One requirements, it may be disqualified from further review and evaluation.⁹ See Sections 2.2.2 through 2.2.4, below.

2.2.2 Eligibility Requirements

All proposals must meet the following eligibility requirements set forth below. Specifically, proposals will be considered from an “Eligible Bidder” with respect to “Eligible Products” generated from an “Eligible Facility.” The Eligible Products must be offered for the “Allowable Contract Term” in quantities that are equal or greater than the “Minimum Contract Size.” Failure to meet any of these requirements will lead to disqualification of the proposal from further review and evaluation.

2.2.2.1 Eligible Bidder

An Eligible Bidder is the owner of an Eligible Facility or of the development rights to an Eligible Facility, i.e., the developer of the Eligible Facility.

2.2.2.2 Eligible Facility

An Eligible Facility must be an electric generation facility that satisfies each of the following standards:

- a. The electric generation facility must qualify as an eligible renewable energy resource as defined R.I. Gen. Laws § 39-26.1-2(4), § 39-26-5 and Section 3.16 of the Regulations; and
- b. The facility must qualify as a “newly developed renewable energy resource,” as defined in R.I. Gen. Laws § 39-26.1-2(6). As of the date of contract signing, the generation unit(s) must not have begun operation, and the developers must not have implemented investment or lending arrangements to finance construction.

Note: A generation unit is not eligible under this RFP if it is net-metered or behind a retail meter.

⁸ For it to be eligible, National Grid must receive a bid by 12:00 p.m. (i.e., noon), Eastern Prevailing Time on the due date for proposals, as set forth in Section 3.1, below.

⁹ National Grid reserves the right to conduct further evaluation of a proposal, at its discretion, before the Stage One evaluation is complete.

2.2.2.3 Eligible Products

An Eligible Bidder must propose to sell energy and RECs from an Eligible Facility under a PPA.¹⁰ The structure of the contract must be both unit-specific and unit-contingent (i.e., if seller's specific unit produces energy and RECs, then seller must deliver that unit's energy and RECs to buyer) and the delivery point under the contract must be located within ISO-NE. The pricing for eligible products under such contract(s) must be below the forecasted market price of energy and RECs over the term of the proposed contract. R.I. Gen. Laws § 39-26.1-3(f). The Company intends to sell all energy and RECs into the wholesale spot market and REC market that are in excess of its Standard Offer Service requirements. See R.I. Gen Laws § 39-26.1-5(b); Regulations Sections 4.2(a).4; 7.1; and 7.2. Excess energy will be sold immediately into the wholesale market and RECs will be sold prior to expiring.

For this RFP, the PPA capacity is the projected annual net (alternating current) electric output of the facility, divided by the product of the maximum net hourly output of the facility and 8,760 hours/year. For projects not located in ISO-NE, this annual amount shall be adjusted to the amount of renewable energy expected to be delivered under the long term contract to the delivery point within ISO-NE, as proposed by bidder. R.I. Gen. Laws § 39-26.1-2(7); Section 3.10 of the Regulations.

It is the bidder's responsibility to satisfy the delivery requirement. The delivery point must be located so that National Grid is not responsible for wheeling charges to move energy to the ISO-NE pool transmission facility ("PTF"). National Grid will not be responsible for any costs associated with delivery other than the payment of the contract prices. Similarly, National Grid will not be responsible for any scheduling associated with delivery.

2.2.2.4 Allowable Contract Term

An Eligible Bidder must submit a proposal for the sale of Eligible Products from an Eligible Facility for a term of 10 to 15 years. R.I. Gen. Laws §§ 39-26.1-2 and 39-26.1-3(a). Contract terms may be greater than 15 years, upon approval of the PUC. R.I. Gen. Laws § 39-26.1-3(a). However, bidders seeking contract terms longer than 15 years must demonstrate that the longer contract term is a contract cost savings, and must submit pricing schedules for: (1) a contract of 10 to 15 years; and (2) for the longer contract term and the required bid fee. The two pricing schedules will be used to evaluate any economic justification for the longer term.

2.2.2.5 Minimum/Maximum Contract Size

The Minimum/Maximum Contract Size is the proposed sale of Eligible Products from all or a portion of the net generating capability of an Eligible Facility at a specific site that is, at a minimum, 20 MW

¹⁰ While R.I. Gen. Laws § 39-26.1-3(a) authorizes National Grid to purchase capacity, energy, and attributes from newly developed, renewable-energy resources, in this RFP, National Grid seeks only bids for energy and RECs.

and, at a maximum, 200 MW.¹¹ A bidder may bid the entire production of Eligible Products from its proposed Eligible Facility, or any portion of the production for its proposed Eligible Facility, provided that if a bidder only proposes a portion of the production from its proposed Eligible Facility, the pro rata portion of that production must be equivalent to at least 20 MW (e.g., if a bidder proposes one-half of the production from its Eligible Facility, then the generating capability of that Eligible Facility must be at least 40 MW) and must not exceed 200 MW.

2.2.3 Threshold Requirements

2.2.3.1 Introduction

Proposals that meet all the Eligibility Requirements will be evaluated to determine compliance with threshold requirements, which have been designed to screen out proposals that are: insufficiently mature from a project development perspective; lack technical viability; impose unacceptable financial accounting consequences for National Grid; are not in compliance with RFP requirements pertaining to credit support, or fail to satisfy minimum standards for bidder experience and ability to finance the proposed project. The threshold requirements for this RFP are set forth below.

2.2.3.2 Reasonable Project Schedule

National Grid is interested in projects that can demonstrate the ability to develop, permit, finance, and construct the proposed Eligible Facility within a reasonably proximate time. To that end, Eligible Bidders must provide a reasonable schedule¹² that provides deadlines for *both* of the following events, after the contract execution date:

- a. Closing of construction financing and commencement of construction; and
- b. Commercial Operation Date.

Section 3.3 of the Regulations specifically defines the term “credible operation date” as more likely than not that the project will come on line within ninety (90) days of the date that is projected within the proposal, as evidenced by documents filed by a bidder showing, at a minimum, the following:

- commencement of permitting processes;
- a plan for completing all permitting processes;
- viable resource assessment or fuel supply plans and agreements;
- viable financing plans;
- viable installation and electrical interconnect plans;

¹¹ The Minimum Project Size as defined here is the maximum net output (alternating current) in MWh per hour. Note that this rating differs from the definition of “minimum long-term contract capacity” within R.I. Gen. Laws § 39-26.1-2(7) and Section 3.10 of the Regulations.

¹² For example, reasonable deadlines may be no more than two years for the closing of construction financing and the commencement of construction from the date of contract execution, and no more than five years to become commercially operational from the date of contract execution, unless the bidder otherwise explains in its proposal that its schedule is reasonable, based on its technology and/or project size.

- material progress toward acquisition of real property rights; and
- evidence of material vendor activity.

Other considerations for establishing a credible operation date that are noted in the Regulations include:

- developer experience in completing similar projects by proposed dates;
- track record and state of development of the particular technology being proposed;
- assignment of an ISO-NE interconnection queue position; and
- developer’s ability to secure financing necessary to complete the project by the proposed date.

A proposal that does not have a reasonable schedule that provides sufficient time for the application for, and receipt of, necessary permits and approvals may be determined not to have satisfied this threshold requirement. In addition, a proposal that is determined to have a “fatal flaw” such that it will be unable to obtain permits or property rights necessary to finance and construct the proposed project may be determined not to have satisfied this threshold requirement.

2.2.3.3 Site Control

General Requirements

With the exception of a bidder proposing an offshore wind energy project (see below for alternative requirements for offshore wind energy), the bidder must demonstrate that it has control, or an irrevocable option (conditioned only upon the payment of a reasonable amount) to acquire control, over the site for its proposed generation project, including any rights necessary to access the project site and any rights to the generator lead to the Delivery Point under the PPA (or, if the project is not within ISO-NE, to the point of interconnection for the project) Control or rights to acquire control must be documented by the bidder completing the form in Appendix B in its entirety and also by complying with all of the following additional requirements in their entirety:

- i. Provide a site plan including a map of the site that clearly identifies the location of the generation unit site, the assumed right-of-way for any generator lead, the total acreage for the generation unit, the anticipated interconnection point, and the relationship of the site to other local infrastructure, including transmission facilities, roadways, and water resources. In addition to providing the required map, provide a site layout plan which illustrates the location of all major equipment and facilities on the site;
- ii. Provide a certification of the bidder’s rights to use the generation unit site and/or generator lead route for the entire proposed term of the PPA (e.g., by virtue of ownership or land development rights obtained from the owner or a lease or easement with a term that is at least as long at the proposed term of the PPA). Identify the individual deeds, leases, easements and other documents creating the right to use the generation unit site and any rights of way needed for interconnection. The bidder may be asked to provide copies of some or all of those documents within 5 days after the request for those documents is made. Under no circumstances will a bidder be

- selected to proceed to PPA negotiation without having secured and demonstrated full documentation of all property rights required for the project;
- iii. Provide evidence that the generation unit site and/or generator lead route is properly zoned or permitted. If the generation unit site and/or generator lead route is not currently zoned or permitted properly, identify present and required zoning and/or land use designations and permits and provide a permitting plan and timeline to secure the necessary approvals;
 - iv. Provide a description of the area surrounding the generation unit site and/or generator lead route, including a description of the local zoning, flood plain information, existing land and/or waterway use and setting (woodlands, grassland, agriculture, marine environment, other); and
 - v. Provide a map of the proposed interconnection that includes the path from the generation site to the New England Power Pool (NEPOOL) Transmission Facilities.

Alternative Requirements for Offshore Wind Energy

A bidder proposing an offshore wind energy project must demonstrate that it has a federal lease issued on a competitive basis after January 1, 2012 for an offshore wind energy generation site that is located on the Outer Continental Shelf and for which no turbine is located within 10 miles of any inhabited area. Further, the bidder must demonstrate that it has a valid lease, or option to lease, for marine terminal facilities necessary for staging and deployment of major project components to the project site. The bidder must also detail the proposed interconnection site, describe what rights the bidder has to the interconnection site, and provide a detailed plan and timeline for the acquisition of any additional necessary rights. The bidder must: (i) specifically describe the portions of the route for which the bidder has acquired sufficient rights to locate its offshore delivery facilities proposed,¹³ those transmission facilities, and (ii) provide a reasonable and achievable detailed plan (with a timeline) to acquire sufficient rights to the remainder of the necessary offshore delivery facilities locations. The required information and documentation shall include the following:

- i. Plans, including a map of the offshore wind energy generation site, a map showing the location of the marine terminal facility, the proposed water routes to the project site, a map of the proposed interconnection that includes the path from the offshore wind energy generation site to the interconnection location, and, to the extent a bid includes associated offshore delivery facilities or a project specific generator lead line, a map that shows those facilities' location(s);
- ii. A description of all government – issued permits, approvals, and authorizations that have been obtained or need to be obtained for the use and operation of the offshore wind energy generation site, the proposed interconnection location, and, to the extent a bid includes associated offshore delivery facilities or a project specific generator lead

¹³ Site control information as described above must be provided for all offshore delivery facilities associated with the bid, although National Grid seeks to only enter into a PPA.

line, the location(s) of such facilities. Provide copies of any permits, approvals, and authorizations obtained, and a detailed plan and timeline to secure the remaining permits, approvals, and authorizations;

- iii. A copy of each of the leases, agreements, easements, and related documents granting the right to use the offshore wind energy generation site, the marine terminal for deployment of major project components, and, if available, the interconnection location;
- iv. A copy of each of the related leases, agreements, easements, and related documents that have been obtained for the route of the offshore delivery facilities or project specific generator lead line; and,
- v. Provide a description of the area surrounding any land-based project area, including the marine terminal for deployment of major project components and all transmission and interconnection facility locations.

2.2.3.4 Interconnection and Delivery Requirements

The delivery of Eligible Products from an Eligible Facility must occur throughout the term of the contract. Substitution of non-Eligible Products is not allowed for delivery. The delivery point must be located so that National Grid is not responsible for wheeling charges to move energy to the ISO-NE delivery point. National Grid will not be responsible for any costs associated with delivery other than the payment of the contract prices. Similarly, National Grid will not be responsible for any scheduling associated with delivery. At no time will National Grid assume the responsibility of Lead Market Participant, as defined by ISO-NE.

The bidder will be responsible for all costs associated with and/or arising from interconnecting its project to the PTF. Delivery must occur in ISO-NE's settlement system at the delivery point. The Company is seeking projects from which energy can be delivered without material constraint or curtailment (*i.e.*, the project can be fully dispatched) and the bidder is obligated to demonstrate how the Capacity Capability Interconnection Standard (CCIS) as defined by ISO-NE is to be satisfied. Consequently, bidders must demonstrate that their proposed point of delivery into ISO-NE, along with their proposed interconnection and transmission upgrades, is sufficient to ensure full dispatch of the proposal's generation profile. Proposals must include all interconnection and transmission or distribution system upgrade costs required to ensure full dispatch, including upgrades that may need to occur beyond the point of interconnection. Proposals that fail to provide sufficient supporting documentation or information necessary to reasonably ensure full delivery under a range of assumptions may be eliminated from further evaluation.

The generation unit shall comply with all ISO-NE and FERC interconnection requirements for generation facilities and interregional ties, as applicable. The RECs and environmental attributes must be delivered into National Grid's NEPOOL GIS accounts.

The bidder must detail the status (and conclusions, as available) of interconnection applications and studies, as further described in Section 6 of Appendix B to this RFP.

All projects submitted by bidders must have filed an interconnection request with ISO-NE, seeking service at the CCIS. Projects that have received their I.3.9 approval from ISO-NE must identify that approval and include such documentation in their proposal. Proposals that do not have I.3.9 approval from ISO-NE must include technical reports or system impact studies that approximate the ISO-NE interconnection process including the Overlapping System Impact Study required for qualification in the Forward Capacity Market (FCM). These studies and reports must include clear documentation of study technical and cost assumptions, reasoning, and justification of such assumptions. All studies must use the current ISO-NE interconnection process (including network impact scenarios from multiple projects interconnecting), and must also detail any assumptions with respect to projects that are ahead of the proposed project in the ISO-NE interconnection queue and any assumptions as to changes to the transmission system that differ from the current ISO-NE Regional System Plan. Proposals are strongly encouraged to include a scenario analysis in their studies that shows how changes in the project interconnection queue could impact their interconnection costs using the current ISO-NE interconnection rules.

To the extent that ISO-NE is considering changes to the current interconnection rules, bidders may also submit studies using the new ISO-NE proposed process. Any such studies must be accompanied with clear documentation of study technical and cost assumptions, reasoning, and justification of such assumptions. National Grid may consider such additional studies during the evaluation process if applicable, but will not consider submissions based on interconnection processes or rules that have not been proposed by ISO-NE.

The requirement to qualify for CCIS is strictly to assure deliverability, and bidders are not required to participate in the FCM. National Grid will not purchase capacity if the project clears in the Forward Capacity Auction (FCA), and any capacity revenues will accrue to the Lead Market Participant.

2.2.3.4 Technical Viability; Ability to Finance the Proposed Project

The bidder must demonstrate that the technology it proposes to use is technically viable and that the bidder has the ability to finance the proposed project. Technical viability may be demonstrated by showing that the technology is commercially available and has been used successfully. If a bidder plans to use technology that is not commercially proven, it must provide evidence of technical viability and a credible plan to finance the project in light of the state of development of the technology. All bidders must provide a reasonable plan for financing the proposed project, including the funding of development costs and the required development period security and the ability to acquire the required equipment in the time frame proposed.

2.2.3.5 Experience

The bidder must demonstrate that it has a sufficient amount of relevant experience to successfully develop, finance, construct and operate its proposed project. This demonstration can be made by showing that the bidder (or a substantial member of the bidder's development team) has:

- a. Successfully developed a similar type of project by a proposed commercial operation date;
OR
- b. Successfully developed one or more projects of different technologies but of similar size or complexity or requiring similar skill sets by a proposed commercial operation date; AND

- c. Experience in financing power generation projects.

2.2.3.6 Security Requirements

Bidders will be required to post Development Period Security and Operating Period Security. The required level of Development Period Security is \$20,000 multiplied by the Contract Maximum Amount (as defined in the Draft Contracts, Appendix D). Fifty percent (50%) of the Development Period Security must be provided upon execution of the PPA. The remaining fifty percent (50%) of the Development Period Security must be provided upon PUC approval of the PPA. Any posted Development Period Security will be promptly returned if the PUC does not approve the PPA. Once a project achieves Commercial Operation, the amount of required security (Operating Period Security) will be the same as the required amount of Development Period Security.

The required security must be in the form of a cash deposit or a letter of credit, as required in the Draft Contracts.

2.2.3.7 Commercially Reasonable Standard

Under the LTCS, National Grid is not obligated to enter into long-term contracts for renewable energy resources on terms which National Grid believes to be commercially unreasonable. R.I. Gen. Laws § 39-26.1-3(c)(1). National Grid will consider both the pricing schedule and non-price terms and conditions in an initial assessment of whether a proposal is commercially reasonable, which is defined as having “terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving new developed renewable energy resources.” R.I. Gen. Laws § 39-26.1-2.

2.2.3.8 Timeliness

The bid submitted must be timely submitted, in accordance with Sections 3.1 and 3.5, below.

2.2.4 Other Minimum Requirements

Other RFP requirements pertain to bid certification, allowable pricing and bid completeness, as described in this section.

2.2.4.1 Proposal Certification

Bidders are required to provide firm pricing for 270 days from the date of bid submission. The bidder must also sign the certification form in Appendix B verifying that the prices, terms and conditions of the proposal are valid for at least 270 days. An officer or duly authorized representative of the bidder is required to sign the Proposal Certification Form.

2.2.4.2 Pricing

2.2.4.2.1 Allowable Forms of Pricing:

All bidders should provide separate prices for energy and RECs, in accordance with pricing options (a) through (c), below:

- (a) a fixed price with separate pricing for energy (\$/MWh) and RECs (\$/REC) for the term of the contract;
- (b) prices for energy and RECs (in \$/MWh and \$/REC, respectively) that change by a fixed rate for the term of the contract (e.g., a 2% increase per year); or by different fixed rates for various periods of the contract (e.g., a 3% increase per year for the first 5 years, and then a 2% increase per year for the next 5 years, etc.); or
- (c) an indexed price for energy and RECs (in \$/MWh, and \$/REC, respectively); indexed at or below the ISO-NE Day Ahead or Real-Time LMP as applicable, for a defined pricing node on the ISO-NE Pool Transmission Facility (“PTF”).

Regardless of the pricing option utilized, pricing for energy and RECs must align with the relative market value of those products. In order to assess whether the proposed REC prices meet this requirement, National Grid will determine a default REC price at the time this RFP is issued based on the most recent “Base Case, Class 1 Market Price for Rhode Island,” prepared by Sustainable Energy Advantage.

2.2.4.2.2 Pricing must conform to the following conditions:

Regardless of whether a bidder proposes pricing option (a), (b), or (c) listed in Section 2.2.4.2.1, above, any pricing option must also conform to the following pricing conditions:

- (a) Proposed prices may not be conditioned upon, nor subject to adjustment, based upon the availability of the Federal Production Tax Credit or the Federal Investment Tax Credit, or the availability or receipt of any other government grant or subsidy;
- (b) pricing must incorporate a price adjustment if the generation ceases to conform to R.I.G.L. § 39-26-5, National Grid will thereafter only purchase the electric energy under that PPA, and the Seller will be permitted to sell those non-conforming RECs to a third party; and
- (c) pricing must adjust payment to compensate National Grid for any energy delivered at negative market clearing prices at the delivery node. In the event that the Locational Marginal Price (“LMP”) for the Energy at the Delivery Point is less than \$0.00 per MWh in any hour, the PPA price for Energy purchased during that hour will be reduced by the amount by which that LMP is below \$0.00/MWh.

Examples:

If Delivered Energy equals 1 MWh and Contract Price equals \$50.00/MWh:

Hourly LMP at the Delivery Point equals (or is greater than) \$0.00/MWh:

Buyer payment of Price to Seller = \$50/MWh

Seller credit/reimbursement for negative LMP to Buyer = \$0.00

Net Result: Buyer pays Seller \$50/MWh for that hour

Hourly LMP at the Delivery Point equals -\$150.00/MWh:

Buyer payment of Price to Seller = \$50.00

Seller credit/reimbursement for negative LMP to Buyer = \$150/MWh

Net Result: Seller credits or reimburses Buyer: \$150/MWh - \$50/MWh = \$100/MWh for that hour

These forms of pricing are conforming under this RFP. National Grid may consider other forms of pricing as an alternative, as long as the bidder submits a proposal for the project with conforming pricing and required bid fee. Alternative (i.e., non-conforming) pricing may be considered subject to the following conditions:

- 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; and
- There must be a price cap for each year under the proposed contract.

National Grid is under no obligation to accept a proposal with any form of alternative (i.e., non-conforming) pricing.

The Delivery Point for electric energy must be at an ISO-NE PTF node. For projects not located in Rhode Island, National Grid may also require pricing based on the Rhode Island zone. For projects not located in within ISO-NE, National Grid still requires pricing based on delivery to an ISO-NE PTF node.

With respect to any pricing proposal, payments will only be made for Eligible Products delivered to National Grid's ISO-NE and NEPOOL accounts. For a project that is not located within the ISO-NE control area, National Grid will require the minimum delivery of the project's production profile to be delivered to the ISO-NE delivery point.

2.2.4.3 Bid Completeness: Bidder Response Forms

Bidders must use the forms provided in Appendix B and provide complete responses in each section. Appendix B contains the Bidder Response Forms which outline the information required from each bidder. If any of the information requested is inconsistent with the type of technology or product proposed, the Bidder should include "N/A" and describe the basis for this designation. If a bidder does not have the information requested in the bid forms and cannot obtain access to that information prior to the bid submittal due date, the bidder should provide an appropriate explanation.

Appendix D to this RFP is the form of the Draft Contracts being used in this solicitation: one contract is for projects within the ISO-NE control area, and one contract is for projects outside the ISO-NE control area. A bidder must include a marked version showing any proposed changes to the Draft Contract with its proposal. National Grid will presume that bidders are willing to execute the marked-up contracts included in their proposals. If a Bidder fails to include a marked version of one of the Draft Contracts, National Grid will presume that bidder is willing to execute the Draft Contract that applies to its project. Any exceptions taken to threshold and/or eligibility requirements may result in a proposal being rejected. Bidders are discouraged from proposing material changes to the Draft Contracts.

2.2.4.4 Non-Refundable Bid Fees

Each proposal must be accompanied by a non-refundable bid fee, which will be used to offset the cost of the evaluation of proposals. The minimum bid fee will be \$25,000 for a project with a minimum nameplate capacity of 20 MW, and bid fees will increase by \$1,000 for each MW above 20 MW to a maximum bid fee of \$100,000. If there are changes to any physical aspect of a project, including but not limited to project size, technology type(s), production/delivery profile, in-service date, or delivery location, then another bid fee will be required. Each additional pricing offer for the same project, including those with alternate contract term lengths, will cost an additional fixed fee of \$25,000.

Bid fees must be sent to National Grid. Instructions will be sent in response to a notice of intent to bid, and/or upon request. Bid fees must be received by National Grid no later than the final date for the submission of proposals. Proposals that are submitted without a bid fee will not be considered or reviewed. Before submitting proposals and bid fees, bidders are strongly encouraged to verify that the proposal and documentation meets all requirements of this RFP. Submission of a bid fee does not obligate National Grid to select a project.

2.3 Stage Two – Price and Non-Price Analysis

Stage Two of the evaluation involves an initial price and non-price analysis of proposals. The results of the price and non-price analysis will be a relative ranking and scoring of proposals. National Grid plans to weight price factors at eighty percent (80%) and non-price factors at twenty percent (20%) for purposes of conducting the initial evaluation.

2.3.1 Initial Evaluation Using Price-Related Evaluation Criteria

The price evaluation will be based on a comparison of (a) the total contract cost of the products bid, which must include energy and RECs, to (b) the estimated market value of these products, taking into consideration the production profile and location of the proposed project over the term of the proposed contract term and any locational marginal price benefits. National Grid plans to use a price forecast that will incorporate the effects of future federal or state regulation of carbon dioxide emissions on relevant energy prices. The metric used will be net \$/MWh cost or benefit. Each bidder will be responsible for all costs associated with interconnecting its project to the transmission grid or, if applicable, local distribution facilities. Each bidder will identify in its bid(s) its proposed point(s) of delivery within ISO-NE.

As part of the price evaluation, National Grid will assess the relative above-market or below-market costs on a present value basis in order to assess the relative front-loading or back-loading of the proposed bid. The discount rate to be used in the evaluation will be 7%. All other things being held equal, bids that have more front-loaded above-market costs will not be evaluated as favorably as other bids.

Proposals will be ranked from highest to lowest present value of net benefit (or lowest to highest present value of net cost) on a dollars per MWh basis based on the result derived through the application of the methodology described above.

All projects, regardless of their location, shall provide other direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues, or other similar revenues, or pricing benefits, as determined by National Grid's analysis of the value of the respective direct economic benefits to the State of Rhode Island in relation to the cost under the contract. For projects that are not located in Rhode Island, the benefits of cost savings for Rhode Island customers resulting from competitive pricing will be considered in this analysis.

2.3.2 Initial Non-Price Evaluation

The non-price evaluation will consist of: (1) siting, permitting, and environmental impacts; (2) project development status and operational viability; (3) experience and capabilities of bidder and the project development team; (4) interconnection; (5) financing; (6) contract risk; and (7) economic benefits to Rhode Island. Within each category are a number of related criteria that will be considered in the evaluation. This section of the RFP will identify and describe in more detail the individual criteria within each primary category. The relative importance of each of the criteria in terms of the scoring of the bids will be developed prior to receipt of bids and will be utilized during the bid evaluation process.

2.3.2.1 Purpose of Non-Price Evaluation Criteria

The non-price evaluation criteria other than contract exceptions are designed to assess the likelihood of a project coming to fruition based on various factors critical to successful project development. The objectives of the criteria are to provide an indication of the feasibility and viability of each project and the likelihood of meeting the proposed commercial operation date. Proposals are preferred that can demonstrate, based on the current status of project development and past experience, that the project will likely be successfully developed and operated as proposed.

2.3.2.2 Factors to be Assessed in Non-Price Evaluation

Within each of the non-price evaluation factors, a variety of project and proposal-related factors will be assessed. They are summarized as follows:

- Siting and permitting
 - Extent to which site control has been achieved, including acquisition of necessary easements or rights-of-way
 - Identification of required permits and approvals
 - Status of efforts and credibility of plan to obtain permits and approvals

- Community relations plan
- Environmental Impact
- Project development status and operational viability
 - Completeness and credibility of detailed critical path schedule; ability to meet scheduled construction start date and commercial operation date
 - Credibility of fuel supply plans or energy resource assessments
 - Reliability and state of development of proposed technology
 - Commercial access to proposed technology
 - Progress in interconnection process
- Experience and capabilities of bidder and project development team
 - Project development
 - Project financing
 - Operations and maintenance
 - Experience in the ISO-NE market
- Interconnection and Deliverability
 - Status of interconnection and system impact studies
 - Likelihood that interconnection process will be completed in accordance with schedule for project development
- Financing
 - Credibility of financing plan
 - Financial strength of bidder
- Contract Risk
 - Extent to which the bidder accepts provisions of the Draft Contract that applies to its project or shifts risk to buyer and customers
- Economic Benefits to Rhode Island

2.4 Stage Three -- Portfolio Analysis

Stage Three involves a further review¹⁴ of the bids.¹⁵ In Stage Three, National Grid will consider and weight at its discretion the following factors:

- Ranking in Stage Two;
- Commercial reasonableness of the bid;
- Risk associated with project viability of the bid;
- The extent to which the bid would create additional economic and environmental benefits within Rhode Island; and
- Portfolio effect: the overall impact of any combinations of proposals.

¹⁴ In connection with this review, and in evaluation of the pricing, a bidder may be asked to provide *pro forma* income and cash flow statements for the term of the proposed PPA (including revenue and cost data by major categories, debt service, depreciation expense and other relevant information).

¹⁵ National Grid is under no obligation to proceed beyond Stage Two if bids do not meet the LTCS requirements.

Stage Three uses Stage Two as a guide and provides for a reasonable degree of considered judgment based on criteria specified in this RFP, which will provide greater assurance that the RFP will lead to successful results.

The objective of Stage Three is to select the proposal(s) that provide the greatest value consistent with the stated objectives and requirements as set forth in the RFP. Generally, National Grid prefers viable projects that provide low cost renewable energy with limited risk and some degree of resource diversity. However, it is recognized that any particular project may not be ranked highly with respect to all of these considerations and the extent to which the stated RFP objectives will be satisfied will depend, in large part, on the particulars of the proposals that are submitted. Based on the results of Stage Three, one or more projects will be conditionally selected for contract negotiations, if appropriate.

2.5 Contract Negotiation Process

Any bidders selected for negotiations by National Grid will be required to indicate in writing whether they intend to proceed with their proposals within five business days of being notified. Bidders must be able to begin negotiations immediately upon that notification, including the resolution of any conflicts that their selected counsel may have with National Grid. If negotiations are not successful within a reasonable period of time, National Grid may terminate a project's conditional selection.

2.6 Regulatory Approval

If National Grid executes any PPA as a result of this RFP process, such PPA(s) will be filed with the PUC for review and approval within sixty (60) days of the execution date. After National Grid files the PPA(s), the PUC will hold public hearings within approximately forty-five (45) days of the filing, and issue a written order approving or rejecting the PPA within approximately sixty (60) days of the filing.¹⁶ The PUC will approve the PPA(s) if it determines that:

- (1) the PPA(s) is/are commercially reasonable,
- (2) the requirements for the annual solicitation have been met; and
- (3) the PPA(s) is/are consistent with the purposes of the LTCS and the Regulations.¹⁷

Pursuant to Section 5.3 of the Regulations, each PPA shall contain provisions that allow National Grid to terminate the PPA, without penalty, after three (3) years of execution should National Grid or the PUC determine that material progress on the project is not being made, as determined by evaluating the success in meeting PPA milestones.

¹⁶ See R.I. Gen. Laws § 39-26.1-3(b). If the PUC rejects a contract, it may advise the parties of the reason for the contract being rejected and direct the parties to attempt to address the reasons for rejection in a revised contract within a specified period not to exceed ninety (90) days. R.I. Gen. Laws § 39-26.1-3(b).

¹⁷ R.I. Gen. Laws § 39-26.1-3(b).

National Grid is not obligated to execute any PPA on terms which it reasonably believes to be commercially unreasonable; provided that if there is a dispute about whether these terms are commercially unreasonable, the PUC shall make the final determination after an evidentiary hearing. R.I. Gen. Laws § 39-26.1-3(c)(1). Each long-term contract shall contain a condition that it shall not be effective without PUC review and approval. R.I. Gen. Laws § 39-26.1-3(b).

III. Instructions to Bidders

3.1 Schedule for the Bidding Process

The proposed schedule for the bidding process is set forth in Chart 1. National Grid reserves the right to revise the schedule as necessary. Any changes to the schedule will be posted on the website for this RFP.

**Chart 1
RFP Schedule**

Event	Anticipated Dates
Issue RFP	August 20, 2018
Bidders Conference	September 12, 2018
Submit Notice of Intent to Bid	September 14, 2018
Deadline for Submission of Questions	September 14, 2018
Due Date for Submission of Proposals	October 18, 2018 by 12:00 p.m. (noon) EPT
Review of Bids with the Rhode Island Office of Energy Resources (“OER”) and the Rhode Island Division of Public Utilities and Carriers (“Division”)	October 25, 2018
Conditional selection of Bidder(s) for negotiation	April 18, 2019
Negotiate and Execute Contracts	July 15, 2019
Submit Contracts for PUC Approval	August 20, 2019

3.2 Bidders’ Conference; Bidder Questions; Notice of Intent to Bid

A Bidders’ Conference will be held for interested persons approximately three (3) weeks from the date of this RFP, and notice will be posted on the RFP website. The purpose of the Bidders’ Conference is to provide the opportunity to clarify any aspects of the RFP. Prospective bidders may submit questions about the RFP prior to the Bidders’ Conference. National Grid will attempt to answer questions submitted prior to and during the Bidders’ Conference. Although National Grid may respond orally to questions posed at the Bidders’ Conference, only written answers that are provided in response to written questions will be official responses.

National Grid will also accept written questions pertaining to the RFP following the Bidders’ Conference up to the date provided in Chart 1. Both the questions and the written responses will be posted on the National Grid website (without identifying the person that asked the question).

Prospective bidders are also encouraged to submit a Notice of Intent to Bid form by the date provided in Chart 1. The Notice of Intent to Bid form is attached as Appendix A to the RFP. National Grid will provide any necessary updates by email regarding the RFP to prospective bidders who submit a Notice of Intent to Bid. Persons that submit a Notice of Intent to Bid are not obligated to submit a proposal, and persons who do not submit a Notice of Intent to Bid are not prohibited from submitting a bid.

3.3 Preparation of Proposals

Each bidder shall have sole responsibility for carefully reviewing the RFP and all attachments and for thoroughly investigating and informing itself with respect to all matters pertinent to this RFP and its proposal, including pertinent ISO-NE tariffs and documents. Bidders should rely only on information provided in the RFP and any associated written updates when preparing their proposal. Each bidder shall be solely responsible for and shall bear all of its costs incurred in the preparation of its proposal and/or its participation in this RFP.

3.4 Submission of Proposals; Confidentiality

If information contained in the proposal is confidential, bidders must submit a total of six (6) USB flash drives – three (3) with the public version of the proposal and three (3) with the confidential version of the proposal -- to the Official Contact listed in Section 3.5, below. **For it to be eligible, National Grid must receive a bid by 12:00 p.m. (i.e., noon), Eastern Prevailing Time on the due date for proposals set forth in Section 3.1, above.** Fax or email submissions will not be accepted. National Grid will reject any proposals that it receives after the deadline. Each proposal shall contain the full name and business address of the bidder and bidder's contact person and shall be signed by an authorized officer of the bidder.

The public version of the bid will be posted to the RFP website that is provided in Section 3.5, below. Each proposal must contain the full name and business address of the bidder, and the bidder's contact person, and the bid must be signed by an authorized officer or duly authorized representative of the bidder. Bidders must sign the original proposal and include copies of the signature page with the proposal. The full name and business address of the bidder must be included in the public version of the proposal(s). The public version of the bid should include the words "Public Version" to alert the recipients that the version may be publicly posted. The public proposals must be complete in all respects other than the redaction of confidential information.

With regard to completeness, "complete" proposals must include a properly completed Certification, Project and Pricing Data ("CPPD") Form, although at the bidder's option the CPPD submitted as part of the public version may be a PDF instead of a working Excel file so long as the bidder submits the un-redacted CPPD form as a working Excel file with the confidential version of the proposal. If there is conflicting information between the information in the CPPD form and information in other forms, then the information in the CPPD will be used in the evaluation of the bid. Information elsewhere in the bid cannot be used by the bidder to modify or qualify any information in the CPPD.

In addition, a bidder may redact the public version of the proposal to remove information that qualifies for confidential treatment pursuant to Rhode Island's requirements. The recipients will not redact the public versions of proposals for the bidder. Anything submitted within the public version will be made AVAILABLE TO THE PUBLIC. If the bidder wishes to redact any information from

the public version of the bid, the bidder must submit three (3) confidential versions of the proposal (also on USB flash drives) that will not be publicly posted on the RFP website. It is solely bidder's responsibility to redact any portion of their bid that they wish to remain confidential in the public version of their proposal. For example, if the bidder considers the CPPD form to be confidential, it must redact the form from the public version of the proposal but include the CPPD form in the confidential version as a working Excel file, with all required information included. The confidential version of the proposal will be treated as confidential and sensitive information by the recipients, subject to the treatment of confidential information. Bidders should take care to designate as confidential only those portions of their proposals that genuinely warrant confidential treatment. The practice of marking each and every page of a proposal as "confidential" is discouraged.

National Grid agrees to use commercially reasonable efforts to treat the non-public information it receives from bidders in a confidential manner. National Grid will not, except as required by law or in a regulatory proceeding, disclose such information to any third party other than OER, and the Division and their respective agents and/or consultants (*i.e.*, these state agencies will be independently reviewing the evaluation process), or use such information for any purpose other than in connection with this RFP, and it may use a non-disclosure agreement with these agencies and individuals; provided that, in any future regulatory, administrative or jurisdictional proceeding in which confidential information is sought, National Grid shall take reasonable steps to limit disclosure and use of said confidential information through the use of non-disclosure agreements or orders seeking protective treatment, and shall inform bidders that their confidential information has been sought in such proceeding.

Notwithstanding the foregoing, in any regulatory proceeding in which such confidential information is sought and a request for confidential treatment is made to the PUC, National Grid shall not be responsible in the event that its request for treating information in a confidential manner is not approved, and the information is shared with other parties or made public. Also, the bidder shall be responsible for filing, submitting, and/or providing to National Grid for such filing or submission, any motions or other pleadings (including associated affidavits, etc.) for protective orders or other relief to justify withholding the confidential information. Similarly, the bidders shall be required to use commercially reasonable efforts to treat all information received from National Grid in a confidential manner and will not, except as required by law or in a regulatory proceeding, disclose such information to any third party; provided, however that if such confidential information is sought in any regulatory or judicial proceeding, the bidders shall take reasonable steps to limit disclosure and use of said confidential information through the use of non-disclosure agreements or requests for orders seeking protective treatment, and shall inform National Grid that the confidential information is being sought.

Bidders also should be aware that National Grid is required pursuant to Section 5.5 of the Regulations to disclose in its entirety each executed PPA submitted to the PUC, and the entire PPA shall be a public document. Finally, any Rhode Island state agency may be required to disclose confidential information in response to a public records request, in accordance with the "Access to Public Records Act," R.I. Gen. Laws § 38-2-1 et seq.

In the event that a bidder's confidential information is not afforded confidential treatment by a governmental agency or other entity exercising proper authority, the entities and individuals involved in the evaluation of bids shall not be held responsible, and their employees, agents, and consultants, shall be held harmless for any release of confidential information as long as reasonable efforts to

protect the information have been followed. In any event, each entity and individual involved in the evaluation of bids, as well as their employees, agents, and consultants, shall be held harmless for any release of confidential information made available through any public source by any other party.

During the evaluation of bids, ISO-NE will, and other authorities may, be requested to provide information to National Grid, OER, and the Division concerning proposals as part of the proposal evaluation process. Information classified as Critical Energy Infrastructure Information (“CEII”) will only be shared with National Grid, OER, and the Division who are cleared to receive CEII by ISO-NE or any applicable other authorities. By participating in this RFP, bidders agree that ISO-NE and the other authorities may release information related to the projects which may otherwise be considered confidential under the relevant rules or policies of such organizations, to the entities and individuals involved in the evaluation of bids.

The bidder shall provide written confirmation of its consent for the sharing of this information as part of the bidder certification form, and, if requested by National Grid, the bidder shall specifically request that ISO-NE and/or any of the other authorities provide this information to the entities and individuals involved in the evaluation of bids and shall pay any costs imposed by ISO-NE or any of the other authorities associated with providing that information. Failure to comply with this request will result in disqualification of the bid. The entities and individuals involved in the evaluation of bids will treat the information provided as confidential, as described above, in accordance with the policies and practices described within this RFP.

3.5 Official Website and Contacts for the RFP

The official RFP website is: <https://RICleanEnergyRFP.com>. All updates and notifications will be posted to the website.

Each bid must be submitted as three public versions and three confidential versions, and should be delivered marked as such on separate USB flash drives. All copies should be submitted to the attention of the Official Contact for National Grid at the address listed below:

Clean Energy RFP Manager
Energy Procurement, 2nd Floor
National Grid
100 East Old Country Road
Hicksville, NY 11801

Any questions or correspondence regarding the RFP should be sent to the Official Contact at following email address: CleanEnergyRFP@nationalgrid.com. However, only bidders may send questions and correspondence to the Official Contact for this RFP. Any comments, questions, or information sent to the Official Contact by non-bidders will not be considered by National Grid. Members of the media should direct their communications to an official National Grid spokesperson.

Also, bidders should copy the following recipients on any questions or correspondence:

Thomas Kender: Thomas.Kender@nationalgrid.com
Omar Muneeruddin: Omar.Muneeruddin2@nationalgrid.com

3.6 Organization of the Proposal

Bidders are required to organize their proposal consistent with the contents of the Response Package in Appendix B. The organization and contents of the proposal should be organized as follows:

1. Proposal Certification Form
2. Proposal Summary/Contact Information
3. Executive Summary
4. Pricing Information and Schedules
5. Project Operational Parameters
6. Energy Resource Plan
7. Financial/Legal
8. Siting and Interconnection
9. Environmental Assessment and Permit Acquisition Plan
10. Engineering and Technology
11. Operations and Maintenance
12. Project Schedule
13. Project Management/Experience
14. Alternatives
15. Economic and Environmental Benefits to Rhode Island

3.7 Modification or Cancellation of the RFP and Solicitation Process

Following the submission of proposals, National Grid may request additional information from bidders at any time during the process. Bidders that are not responsive to such information requests may be eliminated from further consideration. Unless otherwise prohibited, National Grid may, at any time up to final award: postpone, withdraw and/or cancel this RFP; alter, extend or cancel any due date; and/or, alter, amend, withdraw and/or cancel any requirement, term or condition of this RFP, any and all of which shall be without any liability to National Grid.

By submitting a proposal, a bidder agrees that the sole recourse that it may have with respect to the conduct of this RFP is by submission of a complaint or similar filing to the PUC in a relevant docket pertaining to this RFP.

REQUEST FOR PROPOSALS

FOR

LONG-TERM CONTRACTS FOR

RENEWABLE ENERGY

Issuance Date:

August 20, 2018

The Narragansett Electric Company d/b/a National Grid

nationalgrid

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- Appendix F RI Confidentiality Requirements**

I. Introduction and Overview

1.1 Purpose of the Request for Proposals (“RFP”)

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”), an investor-owned electric distribution company serving customers in Rhode Island, seeks proposals for the supply of energy as well as Renewable Energy Certificates and related attributes¹ (collectively, “RECs”) from eligible renewable energy projects under one or more long-term power purchase agreements (“PPAs”). This RFP is being issued pursuant to the Long-Term Contracting Standard for Renewable Energy (the “LTCS”) and in accordance with the “Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy,” promulgated by the Rhode Island Public Utilities Commission (“PUC”).² The LTCS and the Regulations are included as Appendix C to this RFP.

In addition to satisfying its obligations under the LTCS, National Grid is issuing this competitive RFP to support Governor Gina M. Raimondo’s goal of increasing Rhode Island’s clean energy portfolio ten-fold by 2020 by procuring up to an additional 400 megawatts (“MW”) nameplate capacity of renewable energy.³ Accordingly, National Grid may, but is not required to, select up to 400 MW of renewable energy projects through this RFP if they meet the requirements of the LTCS, subject to PUC approval. See R.I. Gen. Laws §§ 39-26.1-3(a) and (c)(1). Also, in furtherance of Governor Raimondo’s goal to include other Rhode Island utilities in this solicitation, the Pascoag Utility District (“PUD”) and the Block Island Power Company (“BIPCo”) may be invited by National Grid to purchase a portion of the energy and RECs from any selected project(s).⁴

In this RFP, National Grid is soliciting energy and RECs from renewable energy resources with a nameplate capacity of at least 20 MW each that do not exceed 200 MW each, pursuant to executed PPAs with durations of 10 to 15 years.⁵ As explained in Section 1.2, the LTCS requires National Grid to solicit long-term contracts for a minimum amount of long-term contract capacity, and National Grid may enter into long-term contracts for more capacity, voluntarily, as long as such contracts also meet the LTCS requirements. Specifically, to be selected, bids must be “Commercially Reasonable,” and pricing under such contract(s) must be below the forecasted

¹ Such RECs include Certificates issued in the New England Power Pool Generation Information System.

² The LTCS and the PUC’s authority to promulgate the Regulations can be found in R.I. Gen. Laws § 39-26.1-5(e) (the “Regulations”). The Regulations became effective January 28, 2010.

³ See Governor Gina M. Raimondo Press Release of February 5, 2018, “Raimondo Touts Goal to Make Energy System 10 Times Cleaner: Directs State Energy Team to Work with Utilities to Procure 400MW of Affordable, Clean Energy,” available at: <http://www.ri.gov/press/view/32439>.

⁴ After any project(s) have been selected by National Grid for PPAs, PUD and BIPCo may be allocated a portion of the energy and REC purchases based on their relative load shares, provided that such purchases are specifically authorized by PUD and BIPCo as being in the best interest of their ratepayers, and that such purchases are projected to reduce or have no effect on the cost to National Grid’s customers.

⁵ Long-term contract durations may exceed 15 years, upon approval of the PUC. R.I. Gen. Laws § 39-26.1-3(a). For more details, please refer to Section 2.2.2.4, “Allowable Contract Term.”

market price of energy and RECs over the term of the proposed contract. More information and details about the LTCS obligation and its requirements are described in Section 1.2, below.

This RFP includes draft contracts for Clean Energy Generation (“Draft Contracts”) as Appendix D, and the terms of any PPAs will be finalized between National Grid and successful bidders based on the proposals submitted and selected in accordance with the process set forth in this RFP.

This RFP outlines the process that National Grid plans to follow, sets forth timetables regarding the solicitation process, provides information and instructions to prospective bidders, and describes the evaluation process that will be followed once proposals are received.

1.2 Statutory and Regulatory Framework of the LTCS

All PPAs approved under the LTCS must be commercially reasonable long-term contracts⁶ between electric distribution companies and developers or sponsors of newly developed renewable energy resources, and are ultimately subject to PUC approval. R.I. Gen. Laws § 39-26.1-1. Under the LTCS, PPAs must also meet “the goals of stabilizing long-term energy prices, enhancing environmental quality, creating jobs in Rhode Island in the renewable energy sector, and facilitating the financing of renewable energy generation within the jurisdictional boundaries of the state or adjacent state or federal waters or providing direct economic benefit to the state.” R.I. Gen. Laws § 39-26.1-1. However, no PPAs shall be awarded unless the pricing under such contract(s) is below the forecasted market price of energy and RECs over the term of the proposed contract. R.I. Gen. Laws § 39-26.1-3(f).

The LTCS requires that, at least once per year, an electric distribution company shall conduct solicitations until the minimum long-term contract capacity is met.⁷ R.I. Gen. Laws §§ 39-26.1-2(7) and 39-26.1-3(a). [For that reason, and in order to attract and compare offers, the Company decided to conduct this public solicitation instead of conducting individual negotiations. R.I. Gen. Laws § 39-26.1-3\(b\); Regulations Section 4.2\(a\).2.](#) In addition, National Grid may, in its sole discretion, procure additional commercially reasonable contracts for newly developed renewable energy resources on an earlier timetable or above the minimum long-term contract capacity, subject to PUC

⁶ As defined in R.I. Gen. Laws § 39-26.1-2(1) and Section 3.1 of the Regulations, “commercially reasonable” means terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy resources. Commercially reasonable shall include having a credible project operation date, as determined by the PUC, but a project need not have completed the requisite permitting process to be considered commercially reasonable. If there is a dispute about whether any terms or pricing are commercially reasonable, the PUC shall make the final determination after evidentiary hearings.

⁷ National Grid’s obligation to procure a minimum long-term contract capacity under the LTCS is 90 MW (or, the equivalent of 788,400 megawatt-hours (“MWh”) per year). [See R.I.G.L. § 39-26.2.](#) (To determine long-term contract capacity, nameplate capacity is typically adjusted by the capacity factor -- as determined by ISO-New England Inc. (“ISO-NE”) -- of each renewable energy resource.) As of December 30, 2017, National Grid had executed contracts for approximately 87 percent of the minimum long-term contract capacity required by the LTCS. National Grid is required by Section 5.3 of the Regulations to solicit the remaining approximately 13 percent of its LTCS capacity resulting from a terminated long-term contract, which is the equivalent of approximately 94,124 MWh or 10.74 MW.

approval. R.I. Gen. Laws § 39-26.1-3(c)(1). The amount of energy and RECs procured in this solicitation will depend entirely on National Grid's evaluation of the proposals submitted and National Grid's judgment as to whether there is value in selecting additional projects for the benefit of customers. See Section 5.4 of the Regulations. As explained in detail in note 7, above, National Grid is not legally obligated to execute PPAs for more than its minimum long-term contract capacity, but may do so voluntarily. In the event that the Company does not receive "Commercially Reasonable" bids in response to this solicitation, the Company will review its options again in 2019. See Section 4.2(a).6 of the Regulations.

To be eligible under this RFP, a generator must be a "newly developed renewable energy resource." Specifically, a "newly developed renewable resource" is defined by the LTCS and the Regulations as an electric generation unit that uses exclusively an eligible renewable energy resource to generate electricity, and that has neither begun operation, nor have the developers of the units implemented investment or lending arrangements necessary to finance the construction of the unit. R.I. Gen. Laws § 39-26.1-2(6); Section 3.16 of the Regulations. For more details on the eligibility of a facility under this RFP, please refer to Section 2.2.2.2, below.

All approved projects, regardless of their location, must "provide other direct economic benefits to Rhode Island, such as job creation, increased property tax revenues, or other similar revenues, deemed substantial" by the PUC, as determined on a case-by-case basis. R.I. Gen. Laws § 39-26.1-5(e); Section 5.2 of the Regulations.

In sum, a PPA must meet the following LTCS requirements for approval by the PUC:

- (a) the project must be qualified as a "newly developed renewable energy resource" (per R.I. Gen. Laws § 39-26.1-1 and Section 4.1 of the Regulations);
- (b) the PPA must be commercially reasonable, and pricing under such contract(s) must be below the forecasted market price of energy and RECs over the term of the proposed contract (per R.I. Gen. Laws §§ 39-26.1-1 and 39-26.1-3(f); Section 4.1 of the Regulations); and
- (c) regardless of whether it is located in Rhode Island or not, the project must provide substantial direct economic benefits to Rhode Island, such as job creation or property tax revenues, as determined by National Grid's analysis of the value of the respective direct economic benefits to the State of Rhode Island in relation to the cost under the contract (per R.I. Gen. Laws § 39-26.1-5(e); Section 5.2 of the Regulations).

1.3 Procurement Process and Evaluation Approach

The timeline following the issuance of this RFP for evaluation and selection, as well as the schedule for other steps in the process including approval by the PUC, is set forth below in Section 3.1. The procurement process is designed to have three stages of evaluation, as described in Section 2.1 of the RFP.

The evaluation of bids will be conducted by National Grid, in consultation with OER and the Division. See Chart 1, below. In Stage One, proposals will be evaluated on the basis of whether eligibility and threshold requirements are satisfied. Eligibility requirements are designed to ensure

that the proposals under review offer the appropriate product and PPA tenor from qualifying newly developed renewable energy resources. Threshold requirements are designed to ensure that proposed projects satisfy statutory criteria under the LTCS and meet minimum standards for viability. National Grid reserves the right to conduct further evaluation of a proposal, at its discretion, before the Stage One evaluation is complete.

In Stage Two, bids will be evaluated in a technology-neutral manner based on specified price and non-price evaluation criteria. This portion of the evaluation will be quantitative in nature (*i.e.*, a quantitative scoring system will be utilized). Proposals that pass the eligibility and threshold review and that score favorably in the Stage Two will advance to the final stage of the evaluation process.

In Stage Three, further evaluation of the remaining bids will be conducted on matters pertaining to project viability and the extent to which the bids, individually and as a portfolio, achieve a variety of objectives, including cost-effectiveness and diversity of resources. National Grid will select proposals for PPA consideration and negotiation from this pool. All three stages of the evaluation process, including the pertinent criteria, are described in Section II of this RFP.

1.4 Communications between National Grid and Bidders

With the exception of the bidders' conference (see Section 3.1, below), all pre-bid contact with prospective bidders and other interested parties will be via email and the National Grid energy procurement website provided in Section 3.5, below. Bidders should submit all questions by email, and National Grid will post responses to the website. Copies of proposals must be submitted to National Grid in the manner and at the mailing/delivery address set forth in Section 3.5 of this RFP.

Following the submission of a proposal, it is the bidder's responsibility to keep National Grid informed of any changes in the status of their proposals and/or projects for the next 270 days that its bid must remain open. National Grid retains the right to seek additional information from any bidder, and the right to negotiate modified pricing, until a final contract is developed.

II. Bid Evaluation and Selection Criteria and Process

2.1 Overview of Bid Evaluation and Selection Process

Proposals received by National Grid will be subjected to a consistent and defined review, evaluation, and selection process, as described in the following sections. Based on the results of the evaluation, National Grid will select proposals for contract negotiations, and will file any and all executed contracts for review and approval by the PUC.

2.2 Eligibility, Threshold and Other Minimum Requirements — Stage One

2.2.1 Introduction

In order to qualify for detailed evaluation, a proposal must be timely submitted⁸ and satisfy certain minimum requirements, which are: (1) eligibility requirements; (2) a variety of threshold requirements; and (3) other requirements pertaining to participation in this RFP, including bidder certifications and allowable pricing. If a proposal does not satisfy all of these Stage One requirements, it may be disqualified from further review and evaluation.⁹ See Sections 2.2.2 through 2.2.4, below.

2.2.2 Eligibility Requirements

All proposals must meet the following eligibility requirements set forth below. Specifically, proposals will be considered from an “Eligible Bidder” with respect to “Eligible Products” generated from an “Eligible Facility.” The Eligible Products must be offered for the “Allowable Contract Term” in quantities that are equal or greater than the “Minimum Contract Size.” Failure to meet any of these requirements will lead to disqualification of the proposal from further review and evaluation.

2.2.2.1 Eligible Bidder

An Eligible Bidder is the owner of an Eligible Facility or of the development rights to an Eligible Facility, i.e., the developer of the Eligible Facility.

2.2.2.2 Eligible Facility

An Eligible Facility must be an electric generation facility that satisfies each of the following standards:

- a. The electric generation facility must qualify as an eligible renewable energy resource as defined R.I. Gen. Laws § 39-26.1-2(4), § 39-26-5 and Section 3.16 of the Regulations; and
- b. The facility must qualify as a “newly developed renewable energy resource,” as defined in R.I. Gen. Laws § 39-26.1-2(6). As of the date of contract signing, the generation unit(s) must not have begun operation, and the developers must not have implemented investment or lending arrangements to finance construction.

Note: A generation unit is not eligible under this RFP if it is net-metered or behind a retail meter.

⁸ For it to be eligible, National Grid must receive a bid by 12:00 p.m. (i.e., noon), Eastern Prevailing Time on the due date for proposals, as set forth in Section 3.1, below.

⁹ National Grid reserves the right to conduct further evaluation of a proposal, at its discretion, before the Stage One evaluation is complete.

2.2.2.3 Eligible Products

An Eligible Bidder must propose to sell energy and RECs from an Eligible Facility under a PPA.¹⁰ The structure of the contract must be both unit-specific and unit-contingent (i.e., if seller's specific unit produces energy and RECs, then seller must deliver that unit's energy and RECs to buyer) and the delivery point under the contract must be located within ISO-NE. The pricing for eligible products under such contract(s) must be below the forecasted market price of energy and RECs over the term of the proposed contract. R.I. Gen. Laws § 39-26.1-3(f). The Company intends to sell all energy and RECs into the wholesale spot market and REC market that are in excess of its Standard Offer Service requirements. See R.I. Gen Laws § 39-26.1-5(b); Regulations Sections 4.2(a).4; 7.1; and 7.2. Excess energy will be sold immediately into the wholesale market and RECs will be sold prior to expiring.

For this RFP, the PPA capacity is the projected annual net (alternating current) electric output of the facility, divided by the product of the maximum net hourly output of the facility and 8,760 hours/year. For projects not located in ISO-NE, this annual amount shall be adjusted to the amount of renewable energy expected to be delivered under the long term contract to the delivery point within ISO-NE, as proposed by bidder. R.I. Gen. Laws § 39-26.1-2(7); Section 3.10 of the Regulations.

It is the bidder's responsibility to satisfy the delivery requirement. The delivery point must be located so that National Grid is not responsible for wheeling charges to move energy to the ISO-NE pool transmission facility ("PTF"). National Grid will not be responsible for any costs associated with delivery other than the payment of the contract prices. Similarly, National Grid will not be responsible for any scheduling associated with delivery.

2.2.2.4 Allowable Contract Term

An Eligible Bidder must submit a proposal for the sale of Eligible Products from an Eligible Facility for a term of 10 to 15 years. R.I. Gen. Laws §§ 39-26.1-2 and 39-26.1-3(a). Contract terms may be greater than 15 years, upon approval of the PUC. R.I. Gen. Laws § 39-26.1-3(a). However, bidders seeking contract terms longer than 15 years must demonstrate that the longer contract term is a contract cost savings, and must submit pricing schedules for: (1) a contract of 10 to 15 years; and (2) for the longer contract term and the required bid fee. The two pricing schedules will be used to evaluate any economic justification for the longer term.

2.2.2.5 Minimum/Maximum Contract Size

The Minimum/Maximum Contract Size is the proposed sale of Eligible Products from all or a portion of the net generating capability of an Eligible Facility at a specific site that is, at a minimum, 20_MW

¹⁰ While R.I. Gen. Laws § 39-26.1-3(a) authorizes National Grid to purchase capacity, energy, and attributes from newly developed, renewable-energy resources, in this RFP, National Grid seeks only bids for energy and RECs.

[and, at a maximum, 200 MW](#).¹¹ A bidder may bid the entire production of Eligible Products from its proposed Eligible Facility, or any portion of the production for its proposed Eligible Facility, provided that if a bidder only proposes a portion of the production from its proposed Eligible Facility, the pro rata portion of that production must be equivalent to at least 20 MW (e.g., if a bidder proposes one-half of the production from its Eligible Facility, then the generating capability of that Eligible Facility must be at least 40 MW) [and must not exceed 200 MW](#).

2.2.3 Threshold Requirements

2.2.3.1 Introduction

Proposals that meet all the Eligibility Requirements will be evaluated to determine compliance with threshold requirements, which have been designed to screen out proposals that are: insufficiently mature from a project development perspective; lack technical viability; impose unacceptable financial accounting consequences for National Grid; are not in compliance with RFP requirements pertaining to credit support, or fail to satisfy minimum standards for bidder experience and ability to finance the proposed project. The threshold requirements for this RFP are set forth below.

2.2.3.2 Reasonable Project Schedule

National Grid is interested in projects that can demonstrate the ability to develop, permit, finance, and construct the proposed Eligible Facility within a reasonably proximate time. To that end, Eligible Bidders must provide a reasonable schedule¹² that provides deadlines for *both* of the following events, after the contract execution date:

- a. Closing of construction financing and commencement of construction; and
- b. Commercial Operation Date.

Section 3.3 of the Regulations specifically defines the term “credible operation date” as more likely than not that the project will come on line within ninety (90) days of the date that is projected within the proposal, as evidenced by documents filed by a bidder showing, at a minimum, the following:

- commencement of permitting processes;
- a plan for completing all permitting processes;
- viable resource assessment or fuel supply plans and agreements;
- viable financing plans;
- viable installation and electrical interconnect plans;

¹¹ The Minimum Project Size as defined here is the maximum net output (alternating current) in MWh per hour. Note that this rating differs from the definition of “minimum long-term contract capacity” within R.I. Gen. Laws § 39-26.1-2(7) and Section 3.10 of the Regulations.

¹² For example, reasonable deadlines may be no more than two years for the closing of construction financing and the commencement of construction from the date of contract execution, and no more than five years to become commercially operational from the date of contract execution, unless the bidder otherwise explains in its proposal that its schedule is reasonable, based on its technology and/or project size.

- material progress toward acquisition of real property rights; and
- evidence of material vendor activity.

Other considerations for establishing a credible operation date that are noted in the Regulations include:

- developer experience in completing similar projects by proposed dates;
- track record and state of development of the particular technology being proposed;
- assignment of an ISO-NE interconnection queue position; and
- developer’s ability to secure financing necessary to complete the project by the proposed date.

A proposal that does not have a reasonable schedule that provides sufficient time for the application for, and receipt of, necessary permits and approvals may be determined not to have satisfied this threshold requirement. In addition, a proposal that is determined to have a “fatal flaw” such that it will be unable to obtain permits or property rights necessary to finance and construct the proposed project may be determined not to have satisfied this threshold requirement.

2.2.3.3 Site Control

General Requirements

With the exception of a bidder proposing an offshore wind energy project (see below for alternative requirements for offshore wind energy), the bidder must demonstrate that it has control, or an irrevocable option (conditioned only upon the payment of a reasonable amount) to acquire control, over the site for its proposed generation project, including any rights necessary to access the project site and any rights to the generator lead to the Delivery Point under the PPA (or, if the project is not within ISO-NE, to the point of interconnection for the project) Control or rights to acquire control must be documented by the bidder completing the form in Appendix B in its entirety and also by complying with all of the following additional requirements in their entirety:

- i. Provide a site plan including a map of the site that clearly identifies the location of the generation unit site, the assumed right-of-way for any generator lead, the total acreage for the generation unit, the anticipated interconnection point, and the relationship of the site to other local infrastructure, including transmission facilities, roadways, and water resources. In addition to providing the required map, provide a site layout plan which illustrates the location of all major equipment and facilities on the site;
- ii. Provide a certification of the bidder’s rights to use the generation unit site and/or generator lead route for the entire proposed term of the PPA (e.g., by virtue of ownership or land development rights obtained from the owner or a lease or easement with a term that is at least as long at the proposed term of the PPA). Identify the individual deeds, leases, easements and other documents creating the right to use the generation unit site and any rights of way needed for interconnection. The bidder may be asked to provide copies of some or all of those documents within 5 days after the request for those documents is made. Under no circumstances will a bidder be

- selected to proceed to PPA negotiation without having secured and demonstrated full documentation of all property rights required for the project;
- iii. Provide evidence that the generation unit site and/or generator lead route is properly zoned or permitted. If the generation unit site and/or generator lead route is not currently zoned or permitted properly, identify present and required zoning and/or land use designations and permits and provide a permitting plan and timeline to secure the necessary approvals;
 - iv. Provide a description of the area surrounding the generation unit site and/or generator lead route, including a description of the local zoning, flood plain information, existing land and/or waterway use and setting (woodlands, grassland, agriculture, marine environment, other); and
 - v. Provide a map of the proposed interconnection that includes the path from the generation site to the New England Power Pool (NEPOOL) Transmission Facilities.

Alternative Requirements for Offshore Wind Energy

A bidder proposing an offshore wind energy project must demonstrate that it has a federal lease issued on a competitive basis after January 1, 2012 for an offshore wind energy generation site that is located on the Outer Continental Shelf and for which no turbine is located within 10 miles of any inhabited area. Further, the bidder must demonstrate that it has a valid lease, or option to lease, for marine terminal facilities necessary for staging and deployment of major project components to the project site. The bidder must also detail the proposed interconnection site, describe what rights the bidder has to the interconnection site, and provide a detailed plan and timeline for the acquisition of any additional necessary rights. The bidder must: (i) specifically describe the portions of the route for which the bidder has acquired sufficient rights to locate its offshore delivery facilities proposed,¹³ those transmission facilities, and (ii) provide a reasonable and achievable detailed plan (with a timeline) to acquire sufficient rights to the remainder of the necessary offshore delivery facilities locations. The required information and documentation shall include the following:

- i. Plans, including a map of the offshore wind energy generation site, a map showing the location of the marine terminal facility, the proposed water routes to the project site, a map of the proposed interconnection that includes the path from the offshore wind energy generation site to the interconnection location, and, to the extent a bid includes associated offshore delivery facilities or a project specific generator lead line, a map that shows those facilities' location(s);
- ii. A description of all government – issued permits, approvals, and authorizations that have been obtained or need to be obtained for the use and operation of the offshore wind energy generation site, the proposed interconnection location, and, to the extent a bid includes associated offshore delivery facilities or a project specific generator lead

¹³ Site control information as described above must be provided for all offshore delivery facilities associated with the bid, although National Grid seeks to only enter into a PPA.

line, the location(s) of such facilities. Provide copies of any permits, approvals, and authorizations obtained, and a detailed plan and timeline to secure the remaining permits, approvals, and authorizations;

- iii. A copy of each of the leases, agreements, easements, and related documents granting the right to use the offshore wind energy generation site, the marine terminal for deployment of major project components, and, if available, the interconnection location;
- iv. A copy of each of the related leases, agreements, easements, and related documents that have been obtained for the route of the offshore delivery facilities or project specific generator lead line; and,
- v. Provide a description of the area surrounding any land-based project area, including the marine terminal for deployment of major project components and all transmission and interconnection facility locations.

2.2.3.4 Interconnection and Delivery Requirements

The delivery of Eligible Products from an Eligible Facility must occur throughout the term of the contract. Substitution of non-Eligible Products is not allowed for delivery. The delivery point must be located so that National Grid is not responsible for wheeling charges to move energy to the ISO-NE delivery point. National Grid will not be responsible for any costs associated with delivery other than the payment of the contract prices. Similarly, National Grid will not be responsible for any scheduling associated with delivery. At no time will National Grid assume the responsibility of Lead Market Participant, as defined by ISO-NE.

The bidder will be responsible for all costs associated with and/or arising from interconnecting its project to the PTF. Delivery must occur in ISO-NE's settlement system at the delivery point. The Company is seeking projects from which energy can be delivered without material constraint or curtailment (i.e., the project can be fully dispatched) and the bidder is obligated to demonstrate how the Capacity Capability Interconnection Standard (CCIS) as defined by ISO-NE is to be satisfied. Consequently, bidders must demonstrate that their proposed point of delivery into ISO-NE, along with their proposed interconnection and transmission upgrades, is sufficient to ensure full dispatch of the proposal's generation profile. Proposals must include all interconnection and transmission or distribution system upgrade costs required to ensure full dispatch, including upgrades that may need to occur beyond the point of interconnection. Proposals that fail to provide sufficient supporting documentation or information necessary to reasonably ensure full delivery under a range of assumptions may be eliminated from further evaluation.

The generation unit shall comply with all ISO-NE and FERC interconnection requirements for generation facilities and interregional ties, as applicable. The RECs and environmental attributes must be delivered into National Grid's NEPOOL GIS accounts.

The bidder must detail the status (and conclusions, as available) of interconnection applications and studies, as further described in Section 6 of Appendix B to this RFP.

All projects submitted by bidders must have filed an interconnection request with ISO-NE, seeking service at the CCIS. Projects that have received their I.3.9 approval from ISO-NE must identify that approval and include such documentation in their proposal. Proposals that do not have I.3.9 approval from ISO-NE must include technical reports or system impact studies that approximate the ISO-NE interconnection process including the Overlapping System Impact Study required for qualification in the Forward Capacity Market (FCM). These studies and reports must include clear documentation of study technical and cost assumptions, reasoning, and justification of such assumptions. All studies must use the current ISO-NE interconnection process (including network impact scenarios from multiple projects interconnecting), and must also detail any assumptions with respect to projects that are ahead of the proposed project in the ISO-NE interconnection queue and any assumptions as to changes to the transmission system that differ from the current ISO-NE Regional System Plan. Proposals are strongly encouraged to include a scenario analysis in their studies that shows how changes in the project interconnection queue could impact their interconnection costs using the current ISO-NE interconnection rules.

To the extent that ISO-NE is considering changes to the current interconnection rules, bidders may also submit studies using the new ISO-NE proposed process. Any such studies must be accompanied with clear documentation of study technical and cost assumptions, reasoning, and justification of such assumptions. National Grid may consider such additional studies during the evaluation process if applicable, but will not consider submissions based on interconnection processes or rules that have not been proposed by ISO-NE.

The requirement to qualify for CCIS is strictly to assure deliverability, and bidders are not required to participate in the FCM. National Grid will not purchase capacity if the project clears in the Forward Capacity Auction (FCA), and any capacity revenues will accrue to the Lead Market Participant.

2.2.3.4 Technical Viability; Ability to Finance the Proposed Project

The bidder must demonstrate that the technology it proposes to use is technically viable and that the bidder has the ability to finance the proposed project. Technical viability may be demonstrated by showing that the technology is commercially available and has been used successfully. If a bidder plans to use technology that is not commercially proven, it must provide evidence of technical viability and a credible plan to finance the project in light of the state of development of the technology. All bidders must provide a reasonable plan for financing the proposed project, including the funding of development costs and the required development period security and the ability to acquire the required equipment in the time frame proposed.

2.2.3.5 Experience

The bidder must demonstrate that it has a sufficient amount of relevant experience to successfully develop, finance, construct and operate its proposed project. This demonstration can be made by showing that the bidder (or a substantial member of the bidder's development team) has:

- a. Successfully developed a similar type of project by a proposed commercial operation date;
OR
- b. Successfully developed one or more projects of different technologies but of similar size or complexity or requiring similar skill sets by a proposed commercial operation date; AND

- c. Experience in financing power generation projects.

2.2.3.6 Security Requirements

Bidders will be required to post Development Period Security and Operating Period Security. The required level of Development Period Security is \$20,000 multiplied by the Contract Maximum Amount (as defined in the Draft Contracts, Appendix D). Fifty percent (50%) of the Development Period Security must be provided upon execution of the PPA. The remaining fifty percent (50%) of the Development Period Security must be provided upon PUC approval of the PPA. Any posted Development Period Security will be promptly returned if the PUC does not approve the PPA. Once a project achieves Commercial Operation, the amount of required security (Operating Period Security) will be the same as the required amount of Development Period Security.

The required security must be in the form of a cash deposit or a letter of credit, as required in the Draft Contracts.

2.2.3.7 Commercially Reasonable Standard

Under the LTCS, National Grid is not obligated to enter into long-term contracts for renewable energy resources on terms which National Grid believes to be commercially unreasonable. R.I. Gen. Laws § 39-26.1-3(c)(1). National Grid will consider both the pricing schedule and non-price terms and conditions in an initial assessment of whether a proposal is commercially reasonable, which is defined as having “terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving new developed renewable energy resources.” R.I. Gen. Laws § 39-26.1-2.

2.2.3.8 Timeliness

The bid submitted must be timely submitted, in accordance with Sections 3.1 and 3.5, below.

2.2.4 Other Minimum Requirements

Other RFP requirements pertain to bid certification, allowable pricing and bid completeness, as described in this section.

2.2.4.1 Proposal Certification

Bidders are required to provide firm pricing for 270 days from the date of bid submission. The bidder must also sign the certification form in Appendix B verifying that the prices, terms and conditions of the proposal are valid for at least 270 days. An officer or duly authorized representative of the bidder is required to sign the Proposal Certification Form.

2.2.4.2 Pricing

2.2.4.2.1 Allowable Forms of Pricing:

All bidders should provide separate prices for energy and RECs, in accordance with pricing options (a) through (c), below:

- (a) a fixed price with separate pricing for energy (\$/MWh) and RECs (\$/REC) for the term of the contract;
- (b) prices for energy and RECs (in \$/MWh and \$/REC, respectively) that change by a fixed rate for the term of the contract (e.g., a 2% increase per year); or by different fixed rates for various periods of the contract (e.g., a 3% increase per year for the first 5 years, and then a 2% increase per year for the next 5 years, etc.); or
- (c) an indexed price for energy and RECs (in \$/MWh, and \$/REC, respectively); indexed at or below the ISO-NE Day Ahead or Real-Time LMP as applicable, for a defined pricing node on the ISO-NE Pool Transmission Facility (“PTF”).

Regardless of the pricing option utilized, pricing for energy and RECs must align with the relative market value of those products. In order to assess whether the proposed REC prices meet this requirement, National Grid will determine a default REC price at the time this RFP is issued based on the most recent “Base Case, Class 1 Market Price for Rhode Island,” prepared by Sustainable Energy Advantage.

2.2.4.2.2 Pricing must conform to the following conditions:

Regardless of whether a bidder proposes pricing option (a), (b), or (c) listed in Section 2.2.4.2.1, above, any pricing option must also conform to the following pricing conditions:

- (a) Proposed prices may not be conditioned upon, nor subject to adjustment, based upon the availability of the Federal Production Tax Credit or the Federal Investment Tax Credit, or the availability or receipt of any other government grant or subsidy;
- (b) pricing must incorporate a price adjustment if the generation ceases to conform to R.I.G.L. § 39-26-5, National Grid will thereafter only purchase the electric energy under that PPA, and the Seller will be permitted to sell those non-conforming RECs to a third party; and
- (c) pricing must adjust payment to compensate National Grid for any energy delivered at negative market clearing prices at the delivery node. In the event that the Locational Marginal Price (“LMP”) for the Energy at the Delivery Point is less than \$0.00 per MWh in any hour, the PPA price for Energy purchased during that hour will be reduced by the amount by which that LMP is below \$0.00/MWh.

Examples:

If Delivered Energy equals 1 MWh and Contract Price equals \$50.00/MWh:

Hourly LMP at the Delivery Point equals (or is greater than) \$0.00/MWh:

Buyer payment of Price to Seller = \$50/MWh

Seller credit/reimbursement for negative LMP to Buyer = \$0.00

Net Result: Buyer pays Seller \$50/MWh for that hour

Hourly LMP at the Delivery Point equals -\$150.00/MWh:

Buyer payment of Price to Seller = \$50.00

Seller credit/reimbursement for negative LMP to Buyer = \$150/MWh

Net Result: Seller credits or reimburses Buyer: \$150/MWh - \$50/MWh = \$100/MWh for that hour

These forms of pricing are conforming under this RFP. National Grid may consider other forms of pricing as an alternative, as long as the bidder submits a proposal for the project with conforming pricing and required bid fee. Alternative (i.e., non-conforming) pricing may be considered subject to the following conditions:

- 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; and
- There must be a price cap for each year under the proposed contract.

National Grid is under no obligation to accept a proposal with any form of alternative (i.e., non-conforming) pricing.

The Delivery Point for electric energy must be at an ISO-NE PTF node. For projects not located in Rhode Island, National Grid may also require pricing based on the Rhode Island zone. For projects not located in within ISO-NE, National Grid still requires pricing based on delivery to an ISO-NE PTF node.

With respect to any pricing proposal, payments will only be made for Eligible Products delivered to National Grid's ISO-NE and NEPOOL accounts. For a project that is not located within the ISO-NE control area, National Grid will require the minimum delivery of the project's production profile to be delivered to the ISO-NE delivery point.

2.2.4.3 Bid Completeness: Bidder Response Forms

Bidders must use the forms provided in Appendix B and provide complete responses in each section. Appendix B contains the Bidder Response Forms which outline the information required from each bidder. If any of the information requested is inconsistent with the type of technology or product proposed, the Bidder should include "N/A" and describe the basis for this designation. If a bidder does not have the information requested in the bid forms and cannot obtain access to that information prior to the bid submittal due date, the bidder should provide an appropriate explanation.

Appendix D to this RFP is the form of the Draft Contracts being used in this solicitation: one contract is for projects within the ISO-NE control area, and one contract is for projects outside the ISO-NE control area. A bidder must include a marked version showing any proposed changes to the Draft Contract with its proposal. National Grid will presume that bidders are willing to execute the marked-up contracts included in their proposals. If a Bidder fails to include a marked version of one of the Draft Contracts, National Grid will presume that bidder is willing to execute the Draft Contract that applies to its project. Any exceptions taken to threshold and/or eligibility requirements may result in a proposal being rejected. Bidders are discouraged from proposing material changes to the Draft Contracts.

2.2.4.4 Non-Refundable Bid Fees

Each proposal must be accompanied by a non-refundable bid fee, which will be used to offset the cost of the evaluation of proposals. The minimum bid fee will be \$25,000 for a project with a minimum nameplate capacity of 20 MW, and bid fees will increase by \$1,000 for each MW above 20 MW to a maximum bid fee of \$100,000. If there are changes to any physical aspect of a project, including but not limited to project size, technology type(s), production/delivery profile, in-service date, or delivery location, then another bid fee will be required. Each additional pricing offer for the same project, including those with alternate contract term lengths, will cost an additional fixed fee of \$25,000.

Bid fees must be sent to National Grid. Instructions will be sent in response to a notice of intent to bid, and/or upon request. Bid fees must be received by National Grid no later than the final date for the submission of proposals. Proposals that are submitted without a bid fee will not be considered or reviewed. Before submitting proposals and bid fees, bidders are strongly encouraged to verify that the proposal and documentation meets all requirements of this RFP. Submission of a bid fee does not obligate National Grid to select a project.

2.3 Stage Two – Price and Non-Price Analysis

Stage Two of the evaluation involves an initial price and non-price analysis of proposals. The results of the price and non-price analysis will be a relative ranking and scoring of proposals. National Grid plans to weight price factors at eighty percent (80%) and non-price factors at twenty percent (20%) for purposes of conducting the initial evaluation.

2.3.1 Initial Evaluation Using Price-Related Evaluation Criteria

The price evaluation will be based on a comparison of (a) the total contract cost of the products bid, which must include energy and RECs, to (b) the estimated market value of these products, taking into consideration the production profile and location of the proposed project over the term of the proposed contract term and any locational marginal price benefits. National Grid plans to use a price forecast that will incorporate the effects of future federal or state regulation of carbon dioxide emissions on relevant energy prices. The metric used will be net \$/MWh cost or benefit. Each bidder will be responsible for all costs associated with interconnecting its project to the transmission grid or, if applicable, local distribution facilities. Each bidder will identify in its bid(s) its proposed point(s) of delivery within ISO-NE.

As part of the price evaluation, National Grid will assess the relative above-market or below-market costs on a present value basis in order to assess the relative front-loading or back-loading of the proposed bid. The discount rate to be used in the evaluation will be 7%. All other things being held equal, bids that have more front-loaded above-market costs will not be evaluated as favorably as other bids.

Proposals will be ranked from highest to lowest present value of net benefit (or lowest to highest present value of net cost) on a dollars per MWh basis based on the result derived through the application of the methodology described above.

All projects, regardless of their location, shall provide other direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues, or other similar revenues, or pricing benefits, as determined by National Grid's analysis of the value of the respective direct economic benefits to the State of Rhode Island in relation to the cost under the contract. For projects that are not located in Rhode Island, the benefits of cost savings for Rhode Island customers resulting from competitive pricing will be considered in this analysis.

2.3.2 Initial Non-Price Evaluation

The non-price evaluation will consist of: (1) siting, permitting, and environmental impacts; (2) project development status and operational viability; (3) experience and capabilities of bidder and the project development team; (4) interconnection; (5) financing; (6) contract risk; and (7) economic benefits to Rhode Island. Within each category are a number of related criteria that will be considered in the evaluation. This section of the RFP will identify and describe in more detail the individual criteria within each primary category. The relative importance of each of the criteria in terms of the scoring of the bids will be developed prior to receipt of bids and will be utilized during the bid evaluation process.

2.3.2.1 Purpose of Non-Price Evaluation Criteria

The non-price evaluation criteria other than contract exceptions are designed to assess the likelihood of a project coming to fruition based on various factors critical to successful project development. The objectives of the criteria are to provide an indication of the feasibility and viability of each project and the likelihood of meeting the proposed commercial operation date. Proposals are preferred that can demonstrate, based on the current status of project development and past experience, that the project will likely be successfully developed and operated as proposed.

2.3.2.2 Factors to be Assessed in Non-Price Evaluation

Within each of the non-price evaluation factors, a variety of project and proposal-related factors will be assessed. They are summarized as follows:

- Siting and permitting
 - Extent to which site control has been achieved, including acquisition of necessary easements or rights-of-way
 - Identification of required permits and approvals
 - Status of efforts and credibility of plan to obtain permits and approvals

- Community relations plan
- Environmental Impact
- Project development status and operational viability
 - Completeness and credibility of detailed critical path schedule; ability to meet scheduled construction start date and commercial operation date
 - Credibility of fuel supply plans or energy resource assessments
 - Reliability and state of development of proposed technology
 - Commercial access to proposed technology
 - Progress in interconnection process
- Experience and capabilities of bidder and project development team
 - Project development
 - Project financing
 - Operations and maintenance
 - Experience in the ISO-NE market
- Interconnection and Deliverability
 - Status of interconnection and system impact studies
 - Likelihood that interconnection process will be completed in accordance with schedule for project development
- Financing
 - Credibility of financing plan
 - Financial strength of bidder
- Contract Risk
 - Extent to which the bidder accepts provisions of the Draft Contract that applies to its project or shifts risk to buyer and customers
- Economic Benefits to Rhode Island

2.4 Stage Three -- Portfolio Analysis

Stage Three involves a further review¹⁴ of the bids.¹⁵ In Stage Three, National Grid will consider and weight at its discretion the following factors:

- Ranking in Stage Two;
- Commercial reasonableness of the bid;
- Risk associated with project viability of the bid;
- The extent to which the bid would create additional economic and environmental benefits within Rhode Island; and
- Portfolio effect: the overall impact of any combinations of proposals.

¹⁴ In connection with this review, and in evaluation of the pricing, a bidder may be asked to provide *pro forma* income and cash flow statements for the term of the proposed PPA (including revenue and cost data by major categories, debt service, depreciation expense and other relevant information).

¹⁵ National Grid is under no obligation to proceed beyond Stage Two if bids do not meet the LTCS requirements.

Stage Three uses Stage Two as a guide and provides for a reasonable degree of considered judgment based on criteria specified in this RFP, which will provide greater assurance that the RFP will lead to successful results.

The objective of Stage Three is to select the proposal(s) that provide the greatest value consistent with the stated objectives and requirements as set forth in the RFP. Generally, National Grid prefers viable projects that provide low cost renewable energy with limited risk and some degree of resource diversity. However, it is recognized that any particular project may not be ranked highly with respect to all of these considerations and the extent to which the stated RFP objectives will be satisfied will depend, in large part, on the particulars of the proposals that are submitted. Based on the results of Stage Three, one or more projects will be conditionally selected for contract negotiations, if appropriate.

2.5 Contract Negotiation Process

Any bidders selected for negotiations by National Grid will be required to indicate in writing whether they intend to proceed with their proposals within five business days of being notified. Bidders must be able to begin negotiations immediately upon that notification, including the resolution of any conflicts that their selected counsel may have with National Grid. If negotiations are not successful within a reasonable period of time, National Grid may terminate a project's conditional selection.

2.6 Regulatory Approval

If National Grid executes any PPA as a result of this RFP process, such PPA(s) will be filed with the PUC for review and approval within sixty (60) days of the execution date. After National Grid files the PPA(s), the PUC will hold public hearings within approximately forty-five (45) days of the filing, and issue a written order approving or rejecting the PPA within approximately sixty (60) days of the filing.¹⁶ The PUC will approve the PPA(s) if it determines that:

- (1) the PPA(s) is/are commercially reasonable,
- (2) the requirements for the annual solicitation have been met; and
- (3) the PPA(s) is/are consistent with the purposes of the LTCS and the Regulations.¹⁷

Pursuant to Section 5.3 of the Regulations, each PPA shall contain provisions that allow National Grid to terminate the PPA, without penalty, after three (3) years of execution should National Grid or the PUC determine that material progress on the project is not being made, as determined by evaluating the success in meeting PPA milestones.

¹⁶ See R.I. Gen. Laws § 39-26.1-3(b). If the PUC rejects a contract, it may advise the parties of the reason for the contract being rejected and direct the parties to attempt to address the reasons for rejection in a revised contract within a specified period not to exceed ninety (90) days. R.I. Gen. Laws § 39-26.1-3(b).

¹⁷ R.I. Gen. Laws § 39-26.1-3(b).

National Grid is not obligated to execute any PPA on terms which it reasonably believes to be commercially unreasonable; provided that if there is a dispute about whether these terms are commercially unreasonable, the PUC shall make the final determination after an evidentiary hearing. R.I. Gen. Laws § 39-26.1-3(c)(1). Each long-term contract shall contain a condition that it shall not be effective without PUC review and approval. R.I. Gen. Laws § 39-26.1-3(b).

III. Instructions to Bidders

3.1 Schedule for the Bidding Process

The proposed schedule for the bidding process is set forth in Chart 1. National Grid reserves the right to revise the schedule as necessary. Any changes to the schedule will be posted on the website for this RFP.

**Chart 1
RFP Schedule**

Event	Anticipated Dates
Issue RFP	August 20, 2018
Bidders Conference	September 12, 2018
Submit Notice of Intent to Bid	September 14, 2018
Deadline for Submission of Questions	September 14, 2018
Due Date for Submission of Proposals	October 18 9 , 2018 by 12:00 p.m. (noon) EPT
Review of Bids with the Rhode Island Office of Energy Resources (“OER”) and the Rhode Island Division of Public Utilities and Carriers (“Division”)	October 25 3 , 2018
Conditional selection of Bidder(s) for negotiation	April March 2 18 2 , 2019
Negotiate and Execute Contracts	July 15 June 22 , 2019
Submit Contracts for PUC Approval	August 20 17 , 2019

3.2 Bidders’ Conference; Bidder Questions; Notice of Intent to Bid

A Bidders’ Conference will be held for interested persons approximately three (3) weeks from the date of this RFP, and notice will be posted on the RFP website. The purpose of the Bidders’ Conference is to provide the opportunity to clarify any aspects of the RFP. Prospective bidders may submit questions about the RFP prior to the Bidders’ Conference. National Grid will attempt to answer questions submitted prior to and during the Bidders’ Conference. Although National Grid may respond orally to questions posed at the Bidders’ Conference, only written answers that are provided in response to written questions will be official responses.

National Grid will also accept written questions pertaining to the RFP following the Bidders’ Conference up to the date provided in Chart 1. Both the questions and the written responses will be posted on the National Grid website (without identifying the person that asked the question).

Prospective bidders are also encouraged to submit a Notice of Intent to Bid form by the date provided in Chart 1. The Notice of Intent to Bid form is attached as Appendix A to the RFP. National Grid will provide any necessary updates by email regarding the RFP to prospective bidders who submit a Notice of Intent to Bid. Persons that submit a Notice of Intent to Bid are not obligated to submit a proposal, and persons who do not submit a Notice of Intent to Bid are not prohibited from submitting a bid.

3.3 Preparation of Proposals

Each bidder shall have sole responsibility for carefully reviewing the RFP and all attachments and for thoroughly investigating and informing itself with respect to all matters pertinent to this RFP and its proposal, including pertinent ISO-NE tariffs and documents. Bidders should rely only on information provided in the RFP and any associated written updates when preparing their proposal. Each bidder shall be solely responsible for and shall bear all of its costs incurred in the preparation of its proposal and/or its participation in this RFP.

3.4 Submission of Proposals; Confidentiality

If information contained in the proposal is confidential, bidders must submit a total of six (6) USB flash drives – three (3) with the public version of the proposal and three (3) with the confidential version of the proposal -- to the Official Contact listed in Section 3.5, below. **For it to be eligible, National Grid must receive a bid by 12:00 p.m. (i.e., noon), Eastern Prevailing Time on the due date for proposals set forth in Section 3.1, above.** Fax or email submissions will not be accepted. National Grid will reject any proposals that it receives after the deadline. Each proposal shall contain the full name and business address of the bidder and bidder's contact person and shall be signed by an authorized officer of the bidder.

The public version of the bid will be posted to the RFP website that is provided in Section 3.5, below. Each proposal must contain the full name and business address of the bidder, and the bidder's contact person, and the bid must be signed by an authorized officer or duly authorized representative of the bidder. Bidders must sign the original proposal and include copies of the signature page with the proposal. The full name and business address of the bidder must be included in the public version of the proposal(s). The public version of the bid should include the words "Public Version" to alert the recipients that the version may be publicly posted. The public proposals must be complete in all respects other than the redaction of confidential information.

With regard to completeness, "complete" proposals must include a properly completed Certification, Project and Pricing Data ("CPPD") Form, although at the bidder's option the CPPD submitted as part of the public version may be a PDF instead of a working Excel file so long as the bidder submits the un-redacted CPPD form as a working Excel file with the confidential version of the proposal. If there is conflicting information between the information in the CPPD form and information in other forms, then the information in the CPPD will be used in the evaluation of the bid. Information elsewhere in the bid cannot be used by the bidder to modify or qualify any information in the CPPD.

In addition, a bidder may redact the public version of the proposal to remove information that qualifies for confidential treatment pursuant to Rhode Island's requirements. The recipients will not redact the public versions of proposals for the bidder. Anything submitted within the public version will be made AVAILABLE TO THE PUBLIC. If the bidder wishes to redact any information from

the public version of the bid, the bidder must submit three (3) confidential versions of the proposal (also on USB flash drives) that will not be publicly posted on the RFP website. It is solely bidder's responsibility to redact any portion of their bid that they wish to remain confidential in the public version of their proposal. For example, if the bidder considers the CPPD form to be confidential, it must redact the form from the public version of the proposal but include the CPPD form in the confidential version as a working Excel file, with all required information included. The confidential version of the proposal will be treated as confidential and sensitive information by the recipients, subject to the treatment of confidential information. Bidders should take care to designate as confidential only those portions of their proposals that genuinely warrant confidential treatment. The practice of marking each and every page of a proposal as "confidential" is discouraged.

National Grid agrees to use commercially reasonable efforts to treat the non-public information it receives from bidders in a confidential manner. National Grid will not, except as required by law or in a regulatory proceeding, disclose such information to any third party other than OER, and the Division and their respective agents and/or consultants (*i.e.*, these state agencies will be independently reviewing the evaluation process), or use such information for any purpose other than in connection with this RFP, and it may use a non-disclosure agreement with these agencies and individuals; provided that, in any future regulatory, administrative or jurisdictional proceeding in which confidential information is sought, National Grid shall take reasonable steps to limit disclosure and use of said confidential information through the use of non-disclosure agreements or orders seeking protective treatment, and shall inform bidders that their confidential information has been sought in such proceeding.

Notwithstanding the foregoing, in any regulatory proceeding in which such confidential information is sought and a request for confidential treatment is made to the PUC, National Grid shall not be responsible in the event that its request for treating information in a confidential manner is not approved, and the information is shared with other parties or made public. Also, the bidder shall be responsible for filing, submitting, and/or providing to National Grid for such filing or submission, any motions or other pleadings (including associated affidavits, etc.) for protective orders or other relief to justify withholding the confidential information. Similarly, the bidders shall be required to use commercially reasonable efforts to treat all information received from National Grid in a confidential manner and will not, except as required by law or in a regulatory proceeding, disclose such information to any third party; provided, however that if such confidential information is sought in any regulatory or judicial proceeding, the bidders shall take reasonable steps to limit disclosure and use of said confidential information through the use of non-disclosure agreements or requests for orders seeking protective treatment, and shall inform National Grid that the confidential information is being sought.

Bidders also should be aware that National Grid is required pursuant to Section 5.5 of the Regulations to disclose in its entirety each executed PPA submitted to the PUC, and the entire PPA shall be a public document. Finally, any Rhode Island state agency may be required to disclose confidential information in response to a public records request, in accordance with the "Access to Public Records Act," R.I. Gen. Laws § 38-2-1 et seq.

In the event that a bidder's confidential information is not afforded confidential treatment by a governmental agency or other entity exercising proper authority, the entities and individuals involved in the evaluation of bids shall not be held responsible, and their employees, agents, and consultants, shall be held harmless for any release of confidential information as long as reasonable efforts to

protect the information have been followed. In any event, each entity and individual involved in the evaluation of bids, as well as their employees, agents, and consultants, shall be held harmless for any release of confidential information made available through any public source by any other party.

During the evaluation of bids, ISO-NE will, and other authorities may, be requested to provide information to National Grid, OER, and the Division concerning proposals as part of the proposal evaluation process. Information classified as Critical Energy Infrastructure Information (“CEII”) will only be shared with National Grid, OER, and the Division who are cleared to receive CEII by ISO-NE or any applicable other authorities. By participating in this RFP, bidders agree that ISO-NE and the other authorities may release information related to the projects which may otherwise be considered confidential under the relevant rules or policies of such organizations, to the entities and individuals involved in the evaluation of bids.

The bidder shall provide written confirmation of its consent for the sharing of this information as part of the bidder certification form, and, if requested by National Grid, the bidder shall specifically request that ISO-NE and/or any of the other authorities provide this information to the entities and individuals involved in the evaluation of bids and shall pay any costs imposed by ISO-NE or any of the other authorities associated with providing that information. Failure to comply with this request will result in disqualification of the bid. The entities and individuals involved in the evaluation of bids will treat the information provided as confidential, as described above, in accordance with the policies and practices described within this RFP.

3.5 Official Website and Contacts for the RFP

The official RFP website is: <https://RICleanEnergyRFP.com>. All updates and notifications will be posted to the website.

Each bid must be submitted as three public versions and three confidential versions, and should be delivered marked as such on separate USB flash drives. All copies should be submitted to the attention of the Official Contact for National Grid at the address listed below:

Clean Energy RFP Manager
Energy Procurement, 2nd Floor
National Grid
100 East Old Country Road
Hicksville, NY 11801

Any questions or correspondence regarding the RFP should be sent to the Official Contact at following email address: CleanEnergyRFP@nationalgrid.com. However, only bidders may send questions and correspondence to the Official Contact for this RFP. Any comments, questions, or information sent to the Official Contact by non-bidders will not be considered by National Grid. Members of the media should direct their communications to an official National Grid spokesperson.

Also, bidders should copy the following recipients on any questions or correspondence:

Thomas Kender: Thomas.Kender@nationalgrid.com
Omar Muneeruddin: Omar.Muneeruddin2@nationalgrid.com

3.6 Organization of the Proposal

Bidders are required to organize their proposal consistent with the contents of the Response Package in Appendix B. The organization and contents of the proposal should be organized as follows:

1. Proposal Certification Form
2. Proposal Summary/Contact Information
3. Executive Summary
4. Pricing Information and Schedules
5. Project Operational Parameters
6. Energy Resource Plan
7. Financial/Legal
8. Siting and Interconnection
9. Environmental Assessment and Permit Acquisition Plan
10. Engineering and Technology
11. Operations and Maintenance
12. Project Schedule
13. Project Management/Experience
14. Alternatives
15. Economic and Environmental Benefits to Rhode Island

3.7 Modification or Cancellation of the RFP and Solicitation Process

Following the submission of proposals, National Grid may request additional information from bidders at any time during the process. Bidders that are not responsive to such information requests may be eliminated from further consideration. Unless otherwise prohibited, National Grid may, at any time up to final award: postpone, withdraw and/or cancel this RFP; alter, extend or cancel any due date; and/or, alter, amend, withdraw and/or cancel any requirement, term or condition of this RFP, any and all of which shall be without any liability to National Grid.

By submitting a proposal, a bidder agrees that the sole recourse that it may have with respect to the conduct of this RFP is by submission of a complaint or similar filing to the PUC in a relevant docket pertaining to this RFP.