



# T4RFP21-1 Proposer's Webinar

NYSERDA Large-Scale Renewables Team  
January 28, 2021



**NYSERDA**

# Agenda

- Welcome & Agenda
- RFP Background
- Solicitation Process & Timeline
- Project Eligibility Requirements
- Project Delivery Requirements & Interaction with Other CES Tiers
- Additionality
- Price & Non-Price Bid Evaluation
- Standard Form Agreement
- Solicitation Website, Step One & Step Two Instructions
- Next Steps/Key Dates & Questions

# Introductions

**Corinne DiDomenico – Assistant Director, Large-Scale Renewables**

**Erich Scherer – Senior Advisor, Energy & Environmental Analysis**

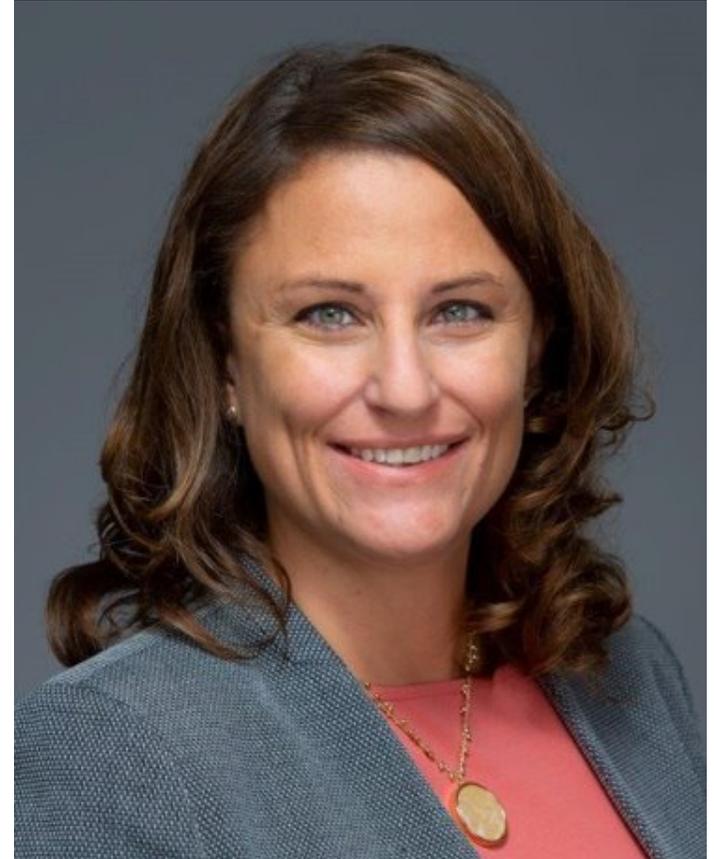
**Ellen Cool – Vice President, Levitan & Associates, Inc.**

**Sam Walsh – Partner, Harris, Wiltshire & Grannis, LLP**

# ***President's Remarks***

## **Doreen Harris**

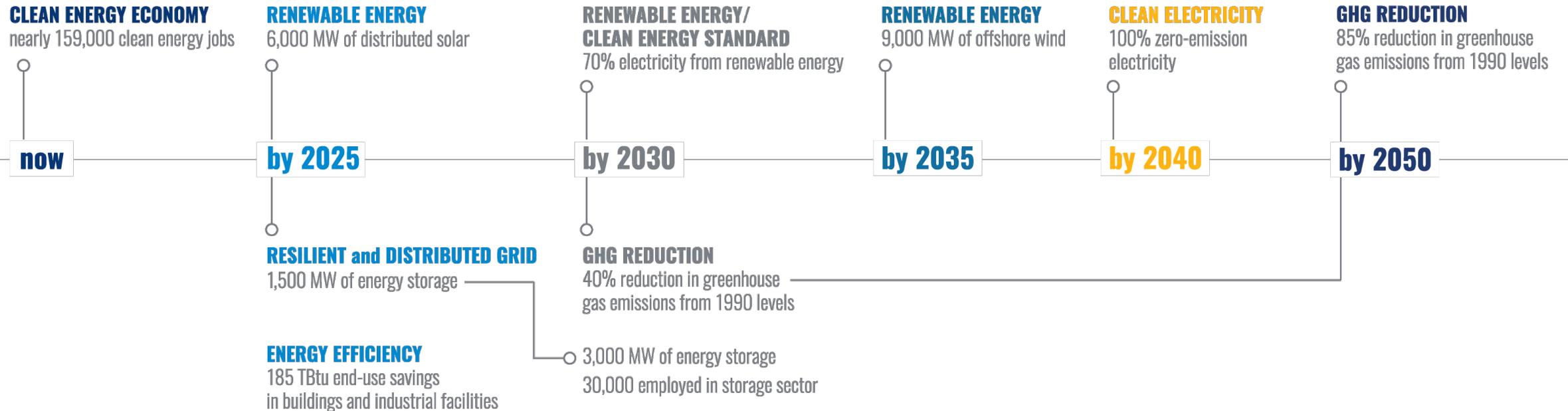
***Acting President & CEO of NYSERDA***



**NYSERDA**

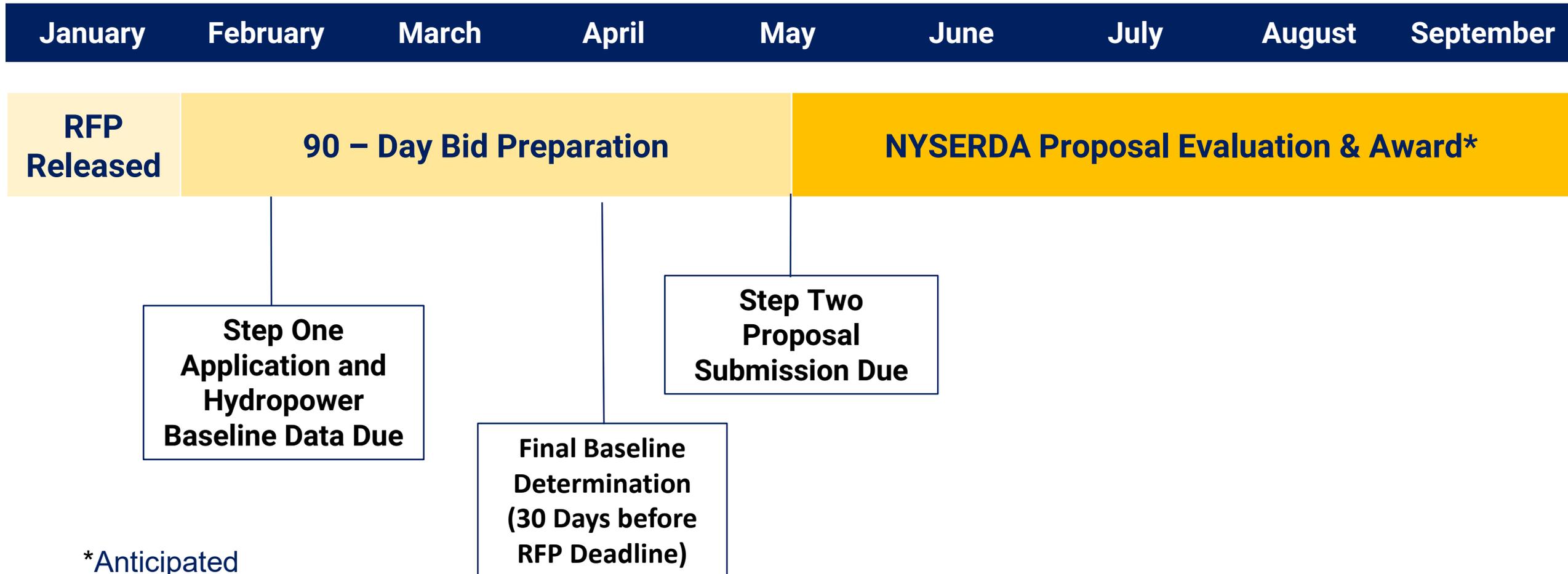
# RFP Background

# Climate Leadership and Community Protection Act (Climate Act)



# Solicitation Process & Timeline

# Solicitation Process & Timeline\*



# TRRFP21-1 Two-Step Application Process

## Step One: Eligibility Application and Hydropower Baseline Data

**Due February 16, 2021 by 3:00 PM ET**

- > All proposers are asked to submit general information about the Proposer, Project, the Resources that comprise the Project, and any New Transmission facilities to be developed in order to deliver Tier 4 RECs into NYCA Zone J
  - *Proposers of projects that do not include hydropower Resources are strongly encouraged, but not required, to submit a Step One Eligibility Application*
- > Proposers with hydropower resources must propose a Supplier GHG Baseline and Supplier Energy Baseline based on the Proposer's historic renewable energy sales to NYCA and hydropower production data

# TRRFP21-1 Two-Step Application Process

## Step Two: Project Proposal

**Due May 12, 2021 by 3:00 PM ET**

- > Binding Bid Price and Bid Quantity Data
- > Full Project characteristics and details
- > Aggregate delivery of Tier 4 RECs to the Delivery Point in Zone J from all Resources
- > Baseline Verification Plan
- > Permitting and Environmental Mitigation Plan
- > Operational Flexibility and Peak Coincidence
- > Communities Engagement and Incremental Economic Benefits Plan

# Project Eligibility Requirements

# Eligible Resources

- > **Any "Renewable Energy System" as defined by the Climate Act that produces electricity, including generation paired with storage**
- > **The following exceptions and additional requirements apply:**
  - Offshore wind energy systems are not eligible
  - Behind-the-meter Resources are not eligible
  - Hydropower generation from new impoundments not already in existence or under construction as of June 18, 2020 is not eligible
  - Non-hydropower resources must have a Commercial Operation Date on or after October 15, 2020
- > **An eligible Project may consist of a single generating Resource or a portfolio of generating Resources**

# Eligible Resources

- > Resource(s) that are the subject of an award or agreement with NYSERDA to sell Tier 1 RECs but had not achieved Commercial Operation as of October 15, 2020 may be included as part of a Tier 4 Project, subject to other Tier 4 eligibility requirements.**
- > RECs from a Resource under a Tier 1 agreement and that is included in a Tier 4 Project may be compensated under either Tier 1 or Tier 4, depending on the agreement under which the energy and RECs are delivered.**

# Energy Storage

- > **Energy Storage may be co-located with a Resource, or in a separate location from a paired Resource and may be located within or outside Zone J**
- > **Charging energy is not eligible for Tier 4 RECs**
- > **Energy storage is not considered a Resource and vintage requirements do not apply to the energy storage facility**
- > **If a proposal includes energy storage, it must be submitted both with, and without, the energy storage component**

# Energy Storage

**Energy discharged from Energy Storage is only eligible for Tier 4 RECs when the following conditions are true:**

- > The charging energy must be produced by and delivered from an eligible generating Resource
- > If the generating Resource is located outside of Zone J and the Energy Storage is located in Zone J, then the charging energy must be delivered to the Energy Storage over New Transmission
- > Charging energy from the eligible generating Resource must be hourly matched with energy going into storage
- > The discharged energy must be delivered to a Delivery Point in Zone J

# **Delivery Requirements & Interaction with other CES Tiers**

# Delivery Requirements

- > **The Delivery Point for energy from all Resources must be located within Zone J**
  - Eligible Tier 4 Resources must be either located in NYCA Zone J or must be delivered to a Delivery Point in Zone J over a New Transmission interconnection in order to be eligible and compensated under Tier 4
  - A transmission interconnection will be considered New Transmission for purposes of Tier 4 if it electrically interconnects in Zone J after October 15, 2020
- > **Projects under Tier 4 need only supply energy into Zone J and need not qualify as capacity resource(s) in Zone J in order to demonstrate delivery**
- > **Proposers must address how they intend to fulfill and verify the Zone J delivery requirement**
- > **Resources located in an external control area must meet the delivery requirements set forth in the 2020 CES Order, and Section 11 of the NYGATS Operating Rules**

# Delivery Requirements – Hourly Matching

- > **For Tier 4 RECs delivered to Zone J under New Transmission, a Resource's actual hourly production metered at its Injection Point must match the hourly metered deliveries over the New Transmission**
- > **The number of Tier 4 RECs delivered and compensated in each month is the lesser in each hour of:**
  - The energy metered at the Delivery Point of the New Transmission
  - The energy metered at the Injection Point(s)

# Conformance with NYGATS Operating Rules

- > **If awarded a contract, Proposers must register and obtain a valid NYGATS ID for each Project Resource and operate in conformance with the NYGATS Operating Rules**
- > **NYSERDA will make payment for Tier 4 RECs from the Project delivered to NYSERDA's NYGATS account**

# New York Converter Station

- > **Any Proposer of a Project that includes New Transmission that is HVDC and that is planned to traverse New York State outside Zone J must submit a Bid that includes at least one New York Converter Station**
- > **The inclusion of a New York Converter Station holds potential value to the State in the form of increasing the resilience and reliability of retail electric service, adding potential diversity to the resources serving Zone J, and increasing the deliverability of offshore wind throughout the State during times of peak offshore wind generation**

# New York Converter Station

A Proposer may submit a Bid that includes New Transmission that traverses New York State outside of Zone J, but that does not include a New York Converter Station; In this case, the Proposer **must also submit a Required Alternate Bid that does include a New York Converter Station**

- > The Required Alternate Bid should describe the location of the proposed New York Converter Station and plans for its substantial use
- > NYSERDA will evaluate both the Bid without the inclusion of a New York Converter Station and the Required Alternate Bid and may accept or reject either Bid in accordance with the evaluation process

# Interaction with Other CES Tiers

**NYSERDA acknowledges that there may be RECs produced by eligible Resources that cannot meet the Zone J delivery requirement, either:**

- > During hours when the output of the Resources exceeds the capacity of the New Transmission
- > During periods when the Resource has achieved Commercial Operation, but the New Transmission has yet to do so.

# Interaction with Other CES Tiers

- > For eligible Resources that have an existing Tier 1 agreement and are included as Resources in a Tier 4 Proposal, NYSERDA will agree to amend the Tier 1 agreement to accommodate sales of RECs as either Tier 1 or Tier 4 RECs
- > Resources that do not have a Tier 1 agreement and are included as Resources in a Proposal that is awarded a Tier 4 agreement may participate in a future Tier 1 solicitation subject to Tier 1 eligibility requirements
- > A resource that is the subject on a NYSERDA Tier 2 agreement is not an eligible resource under Tier 4

# Additionality

# Additionality Requirements

The **Greenhouse Gas (GHG) Baseline** requires Tier 4 generation to represent a net increase in the supplier's total renewable energy generation as compared to a hydro baseline.

- Avoid backfilling by local incremental fossil fuel-fired generation without net emissions reduction.

The **Energy Baseline** requires that the renewable generation delivered under Tier 4 exceeds the baseline of renewable energy that the supplier has historically delivered to New York.

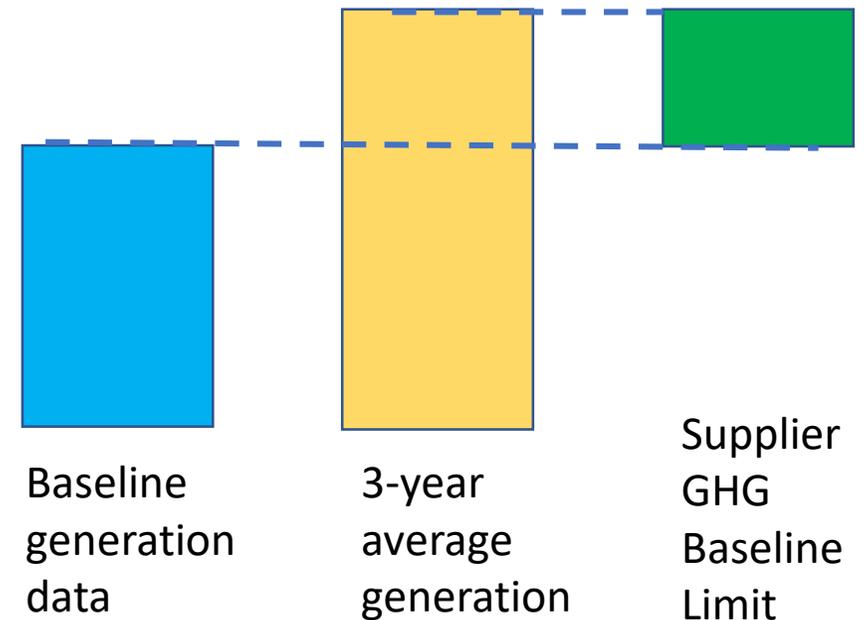
- Avoid re-directing existing deliveries without net benefit to the State.
- Bids to be provided with and without Energy Baseline to allow the State to assess cost effectiveness.

**Both baselines only apply to Proposals that include any hydro Resources.**

# Supplier GHG Baseline

Tier 4 RECs are only compensated to the extent deliveries to Zone J are less than or equal to the Supplier GHG Baseline Limit, which is the net annual increase over the Supplier GHG Baseline.

The Supplier GHG Baseline Limit in each year is calculated as the average over the three prior contract years of Proposer's total renewable generation from Tier 4 eligible facilities (to the extent not compensated under another CES tier), minus the Supplier GHG Baseline.



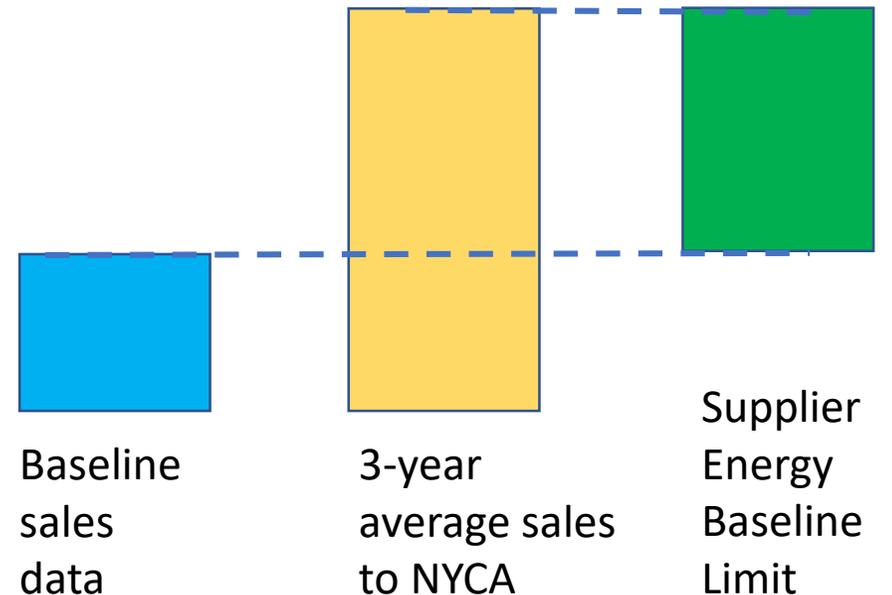
# Supplier GHG Baseline – Determination and Compliance

Determination	Compliance
<ul style="list-style-type: none"><li>• As part of Step 1 Application, Proposer to provide baseline data for all Tier 4 eligible hydro facilities that the Proposer controlled over the last 20 years.</li><li>• Include comments/views with data as needed (e.g., whether a facility falls within the term "control")</li><li>• As part of Step 1 Application, Proposer to propose a resulting baseline, reflecting the submitted baseline data.</li><li>• NYSERDA will determine baseline at least 30 days ahead of Step 2 deadline.</li><li>• See RFP Section 2.6 and Appendix D</li></ul>	<ul style="list-style-type: none"><li>• Starting in year 4 of the contract delivery term, compliance is determined based on a 3-contract-year rolling annual average of generation owned or controlled by Proposer from:<ul style="list-style-type: none"><li>• All hydropower generation from Tier 4 eligible facilities</li><li>• Non-hydropower renewable generation that is Tier 4 eligible and not otherwise compensated under the CES</li></ul></li><li>• See Exhibit H.</li></ul>

# Supplier Energy Baseline

If a Proposal including Supplier Energy Baseline is selected, Tier 4 RECs are only compensated **to the extent that deliveries to Zone J are less than or equal to the Supplier Energy Baseline Limit**, which is the net annual increase of renewable energy sales to NYCA by the Proposer.

The Supplier Energy Baseline Limit in each year is calculated as the average over the three prior contract years of the Proposer's renewable energy sales into the NYCA minus the Supplier Energy Baseline, excluding sales that are compensated under another CES Tier.



# Supplier Energy Baseline - Details

<b>Determination</b>	<b>Compliance</b>
<ul style="list-style-type: none"><li>• As part of Step 1 Application, Proposer to provide baseline data for all renewable energy (as per CLCPA definition, hydro and non-hydro) sales to NYCA over past 20 years.</li><li>• As part of Step 1 Application, Proposer to propose a resulting baseline, reflecting the submitted baseline data.</li><li>• NYSERDA will determine baseline at least 30 days ahead of Step 2 deadline.</li><li>• See RFP Section 2.6 and Appendix D</li></ul>	<ul style="list-style-type: none"><li>• Starting in year 4 of the contract delivery term, compliance is determined based on a 3-contract-year rolling annual average of renewable energy sold to NYCA, excluding any sales under other CES tiers.</li><li>• See Exhibit I</li></ul>

# Price & Non-Price Bid Evaluation

# Pricing

- > **Each Step Two Proposal must include a firm, all-inclusive, offer price for each contract year using either the Index REC or the Fixed REC Price Structure**
- > **Under the Index REC Price Structure, the REC price varies monthly**
  - *It equals the Index REC Strike Price minus the monthly Reference Price*
  - *The monthly Reference Price is the sum of the Reference Energy Price and the monthly Reference Capacity Price*
- > **Proposers of Projects that include hydropower Resources must submit a firm offer price both with and without the Supplier Energy Baseline as determined through Step One**

# Contract Delivery Term

- > **Each Step Two Proposal must specify an expected Commercial Operation Date**
- > **The Contract Tenor may be up to 25 years**
- > **The Contract Delivery Term will commence on the first day of the month after the actual Commercial Operation Date and end after the term of the Contract Tenor**
- > **The first contract year is the 12-month period that begins on the first day of the Contract Delivery Term**

# Prevailing Wage Requirement

- > All laborers, workmen, and mechanics performing construction activities including, but not limited to, the assembly, staging, installation, erection, and placement of the Project and its electrical interconnection as well as those construction activities related to start-up and commissioning of the Project, whether through long-term or short-term employment, **must be paid wages and benefits in an amount not less than the Prevailing Rates**
- > This requirement applies:
  - to all laborers, workmen and mechanics performing construction activities, whether direct employees of the Seller or of Seller's subcontractor(s), and
  - regardless of whether or not such employment was claimed as an Incremental Economic Benefit in its Step Two Proposal

# Proposal Evaluation

## *Non-Price Evaluation*

# Evaluation Structure

## **Step Two Proposals that meet the eligibility requirements will be scored and ranked with respect to:**

- > The Fixed REC Bid Price or Index REC Bid Price, weighted at 70% of the overall score
- > Non-price factors, which have a combined weight equaling 30% of the overall score  
broken into two categories:
  - *20% Project Viability; Operational Flexibility and Peak Coincidence; and*
  - *10% Incremental Economic Benefits to New York State*

# Project Viability

- > **Proposer Experience**
- > **Proposed Technology**
- > **Interconnection and Delivery Plan**
- > **Development Plan**
- > **Proposed Commercial Operation Date**
- > **Financing Plan**
- > **Permitting Plan and Status**
- > **Energy Resource Assessment**
- > **Project Labor Agreement**
- > **Carbon Emissions and Embodied Carbon**
- > **Energy Deliverability**

# Operational Flexibility and Peak Coincidence (OpFlex)

- > **The Operational Flexibility and Peak Coincidence (OpFlex) component of the evaluation considers how the Project contributes to grid reliability and enables reduced reliance on fossil-fired generation in Zone J**
- > **The Scoring Committee will evaluate Step Two Proposals based on:**
  - The benefits afforded to the electric grid in Zone J by the Project if proposing with dispatchable Resources and/or Energy Storage
  - The extent to which Project deliveries into Zone J are coincident with electric demand within Zone J and thereby reduce dispatch of fossil resources
  - The extent to which the Project complements the foreseeable deployment of offshore wind into Zone J

# Incremental Economic Benefits

- > Incremental Economic Benefits may be claimed in one of three input activity categories:
  - **Category 1:** Project-specific spending and job creation in New York State
  - **Category 2:** Investment in transmission and other infrastructure, supply chain, and community economic development in New York State
  - **Category 3:** Input activities that provide opportunities for the New York workforce and for specific communities
- > Incremental Economic Benefits in each of the activity categories may be claimed in one of two duration categories:
  - **Short-term** Economic Benefits to New York State
  - **Long-term** Economic Benefits to New York State

# Incremental Economic Benefits

## The Order requires that NYSERDA:

“take measures to ensure that the **interests of Disadvantaged Communities are explicitly valued in the selection process**, and build upon its workforce development policies to specifically promote good jobs in Disadvantaged Communities, including the broadest possible application of prevailing wage requirements in NYSERDA agreements, and procurement policies that reward community workforce agreements, apprenticeship programs and other training programs in Disadvantaged Communities, in all Tier 4 procurements”

# Incremental Economic Benefits

- > **NYSERDA will award more points to Incremental Economic Benefits to New York State that prioritize and will be realized in part or in full by Disadvantaged Communities**
- > **Proposers should clearly identify the extent to which Economic Benefits claims will be prioritized and realized by Disadvantaged Communities and how these claims meet the interim criteria**
- > **As of the date this RFP is issued, the New York State interim criteria for defining Disadvantaged Communities are to be used**
- > **Bidders will be expected to adjust their efforts based upon the final criteria to be established by the Climate Justice Working Group**

# Proposal Evaluation

## *Price Evaluation*

# Bid Price

- > **The Bid Price must conform to either the Index REC or Fixed REC Price Structure**
- > **The Bid Price must include all components of the Project, including all interconnection and transmission costs required to ensure the delivery of energy to Zone J**
- > **The Bid Price may remain constant over the contract years, or may escalate at a constant rate over the Contract Delivery Period (not to exceed 3% per year)**

# Fixed REC Offer

## Fixed REC Payment Structure

- > **Fixed REC Price:** Fixed price paid for each MWh generated and delivered for end use in NYS
- > Same payment structure of previous Fixed REC Tier 1 Solicitations
- > Optionality for Fixed or Index Renewable Energy Certificate (REC) (“Bidder’s Choice”)

# Index REC Offer

## Index REC Payment Structure

- > **Index REC Strike Price:** Proposer chooses one Strike Price for the contract tenor
- > **Reference Energy Price:** Calculated monthly based on an average of the hourly day-ahead zonal Locational Based Marginal Pricing (LBMP)
- > **Reference Capacity Price:** Calculated monthly based on Seller-selected parameters reflecting quantity of unforced capacity delivered to Zone J, multiplied by the MWh equivalent of the monthly ICAP spot market Zone J auction price
- > **Monthly REC Price:** Difference of Strike Price and sum of Reference Energy Price and Reference Capacity Price for each month, paid for each MWh produced by the Bid Facility in the subject month

$$\text{Index REC Strike Price} - \left( \text{Reference Energy Price} + \text{Equiv. Reference Capacity Price} \right) = \text{Monthly REC Price (\$/MWh) Paid to Seller}$$

# Price Evaluation

- > **Fixed REC and Index REC will be converted to a Levelized Net REC Cost (LNRC), evaluated over the contract tenor**
  - Discount Rate established by DPS
- > **Index REC strike prices will be converted to LNRCs with NYISO Zone J-specific energy and capacity forecasts**
- > **Lowest LNRC will receive the maximum points available for the Bid Price component (70 points), higher LNRCs will receive lower scores (less than 70 points)**

# Additional Pricing and Delivery Requirements

- > **Negative LBMP Hours:** For up to 200 hours per contract year, NYSERDA is entitled to receive Tier 4 RECs in hours in when the real-time zonal LBMP in Zone J is zero or negative without compensation.
- > Minimum delivery requirements apply to Summer Capability Period and Winter Capability Period. Default value is 40% of annual Bid Quantity in each period, but Proposer may propose and justify a different percentage

# Proposal Ranking and Award Group

## > Preliminary Rank Order

- Based on Scoring Committee scores for non-price categories and points awarded for Levelized Net REC Cost

## > Consideration for Program Policy Factors

- NYSERDA may further consider other factors that contribute to the achievement of the CES mandate, the reduction of GHG emissions, and the objectives of the Commission's Order

## > Public Interest Review

## > Initial Award Group selected for Contract Negotiations

## > Commission Review

# Public Interest Review

## **The public interest criteria (defined in the Reforming the Energy Vision Proceeding) to be considered by NYSERDA include:**

- > whether the agreement is a cost-effective means of progressing toward the Climate Act's 2030 and 2040 Targets in light of the unique challenges of reducing fossil fuel use in Zone J
- > the extent to which the selected project or projects will enable reduced reliance on thermal fired generation located in Zone J
- > the degree to which the selected project or projects complement the foreseeable deployment of offshore wind that will be available to serve Zone J
- > impacts to Disadvantaged Communities
- > project viability
- > economic benefits to the State

# Proposal Requirements

Proposal Attribute	Proposal Requirements	Additional Fee?
Hydropower	Must provide Bids with and without the Supplier Energy Baseline	No additional Proposal Fee
Energy Storage	If Proposal includes Energy Storage, must provide Bid Prices with and without Energy Storage	No additional Proposal Fee
New Transmission/NY Converter Station	A Proposal that includes New Transmission that traverses New York State outside of Zone J, but that does not include a New York Converter Station must also submit a Required Alternate Bid that does include a New York Converter Station	No additional Proposal Fee
Level & Escalating Bid Prices	A Proposal may offer both level and escalating Bid Prices	No additional Proposal Fee
Fixed & Index REC Bid Prices	A Proposal may offer Fixed REC and Index REC Bid Prices	Additional Proposal Fee

# Standard Form Agreement

# Tier 4 Standard Agreement

## **Selected new provisions (as compared to Tier 1):**

- > Baseline provisions, § 2.01, Exhibits H & I
- > Conditional on PSC Approval, § 2.06
- > Delivery Verification Plan, § 3.01
- > Negative LBMP hours, § 4.04
- > Minimum Delivery Requirement, § 4.09
- > Parent Guaranty Option, § 15.05
- > Project Labor Agreement, § 18.11
- > Economic Benefits Verification, Exhibit F

# Tier 4 Standard Agreement

## Exceptions to Agreement

- > Optional to provide a redlined markup to Appendix F and an explanation and justification for each proposed change
- > No impact on scoring or evaluation of the Proposal
- > Final form of agreement will be negotiated promptly after contingent award notification by NYSERDA

# Solicitation Website, Step One & Step Two Instructions

# Step One

- > The Step One Eligibility Application must be submitted through the Step One Eligibility Application form, which is on NYSERDA's Seamless interface
- > Instructions for completing the Step One Eligibility Application are provided in Sections 3.3 through 3.7 of the RFP
- > Step One Eligibility Applications must be submitted through NYSERDA's **On-Line Application** and are **due on February 16, 2021 by 3:00 p.m. ET**
- > [nyserdera.seamlessdocs.com/f/t4steponeeligibility](https://nyserdera.seamlessdocs.com/f/t4steponeeligibility)

# Portal Registration

- > Proposers must register to create NYSERDA Portal account and profile **between April 14 and April 30th, 2021 at 3:00 p.m. ET**
- > The link to request a new NYSERDA Portal account or to request access to the Tier 4 Step Two Proposal application for your existing NYSERDA Portal Account, will be available at the Tier 4 website:
  - [nysesda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Four](https://nysesda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Four)
- > **This link will not be open prior to April 14, 2021**

# Step Two

- > Step Two Proposals will be submitted on NYSERDA's Salesforce Portal
- > On **April 30, 2021** a link will be visible on the Tier 4 page to "Apply On-line"
- > Step Two Proposals must be submitted through NYSERDA's Tier 4 portal **between April 30 and May 12th, 2021 at 3:00 p.m. ET**
  - Incomplete application submissions will be locked after 3 p.m. ET

# Additional Assistance

For step-by-step instructions on proposal submission, please refer to **Appendix I – Proposal Submission Guide**.



# Question Submittal & Response

- > Proposers are encouraged to submit questions via email to [res@nyserda.ny.gov](mailto:res@nyserda.ny.gov) with the subject heading “Tier 4 Question”
- > Written responses to questions received by **February 4, 2021** will be posted to NYSERDA’s Tier 4 website by February 11, 2021 and will supersede any oral responses given by NYSERDA during the Proposers’ Webinar
- > Proposers may submit further written questions until the Step Two question deadline of **May 3, 2021**, and NYSERDA will post those responses by May 7, 2021
- > NYSERDA will post submitted questions anonymously, along with NYSERDA’s responses, NYSERDA’s Tier 4 website

# Next Steps

# Key Dates

<b>T4RFP21-1 Release Date</b>	<b>January 13, 2021</b>
Deadline for Notice of Intent to Propose	January 21, 2021
Proposers' Webinar	January 28, 2021
Deadline for submitting written questions on Step One	February 4, 2021
NYSERDA posts responses to Step One questions	February 11, 2021
Deadline for Step One Eligibility Application and Hydropower Baseline Data	February 16, 2021, 3:00 pm
NYSERDA provides Final Baseline Determination	No later than April 12, 2021
NYSERDA Portal Opens to register for account	April 14, 2021
Deadline to Register for NYSERDA Portal and Portal opens for Step Two Proposal submission	April 30, 2021
Deadline for submitting written questions on Step Two	May 3, 2021
NYSERDA posts responses to Step Two questions	May 7, 2021
Deadline for Step Two Proposal Submission	May 12, 2021, 3:00 pm
NYSERDA Award Notification Date	3 <sup>rd</sup> Quarter 2021



# T4RFP21-1 Proposer's Webinar

**NYSERDA Large-Scale Renewables Team**

**January 28, 2021**



**NYSERDA**