

BUILD-READY PROGRAM AUCTION REQUEST FOR INFORMATION (RFI) 5034 RESPONSIVENESS SUMMARY

INTRODUCTION

On April 26, 2022, the New York State Energy Research and Development Authority (NYSERDA) Build-Ready Program issued a Request for Information (RFI) 5034 to solicit feedback from solar PV developers, owners, operators, and investors to:

- Better understand the most attractive time in the development process to auction a Build-Ready project; and
- Develop and run a competitive auction process that results in significant interest from the private sector, robust competition, smooth transition, and successful construction and operation of Build-Ready projects.

To collect feedback on the proposed Build-Ready auction process and the ideal timing to auction a Build-Ready project, the RFI was divided into two parts:

- Part A: The Build-Ready Proposed Auction Process, which provided a detailed explanation of the proposed auction process and a series of questions on the auction process (Appendix 1 of the RFI); and
- Part B: Build-Ready (BR) Benson Mines Solar Project, which provided a package of information and a series of questions on the BR Benson Mines Solar Project, a project NYSERDA is progressing through development (Appendix 2 of the RFI).

Specific questions were provided in the Build-Ready RFI Response Template questionnaire. Thirteen entities responded to the RFI.

NYSERDA reviewed all responses and compiled this summary document that provides a summary of industry feedback and NYSERDA's response on a variety of topics including:

- Site Control;
- Renewable Energy Certificate (REC) Agreement Structure;
- Payment in Lieu of Taxes (PILOT) Agreement;
- Host Community Benefits Agreements;
- Interconnection;
- Permitting;
- Site Design Criteria;
- Project Development Milestones; and
- Auction Process.

NYSERDA responses to each key theme are summarized below.

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SITE CONTROL

NYSERDA's RFI questions related to site control focused on the timing of lease option agreements, lease terms, lease duration preferences, lease structures, and general feedback on site control. Based upon respondent feedback, NYSERDA intends to advance site control for Build-Ready sites through Lease Option Agreements with a standard 4-year option period and a 20-year lease term with options to extend out to 40+ years.

REC AGREEMENT STRUCTURE

NYSERDA's RFI questions related to the REC agreement included: (1) whether respondents would want to acquire the development rights to a Build-Ready project without a REC agreement; (2) an indication of respondents' REC pricing structure preferences, their preferred term for a REC agreement, and other feedback relating to REC agreements; and (3) whether the status of the Federal Investment Tax Credit (ITC) would affect preferences on the REC pricing structure. Based upon respondent feedback, NYSERDA intends to offer REC agreements with each Build-Ready site, allowing bidders to choose either an index or fixed price structure. In addition, NYSERDA is considering an inflation adjustment similar to that used in the 2022 Offshore Wind and Tier 1 solicitations.

PAYMENT IN LIEU OF TAXES (PILOT) AGREEMENT

The RFI questions related to PILOT agreements included: (1) respondent preferences on NYSERDA or the developer negotiating the PILOT agreement; (2) the reasonable range in \$/MW for a PILOT agreement; (3) preferences for paying a premium for a waiver of mortgage recording tax and/or local sales tax; (4) preferences on Real Property Tax Law (RPTL) § 487 PILOT agreements or Industrial Development Agency PILOT agreements; (5) the preferred length of the PILOT agreement term; and (6) general feedback. Based upon respondent feedback, NYSERDA intends on negotiating PILOT agreements, when possible, to minimize the risk and variability this factor presents for bidders.

HOST COMMUNITY BENEFITS AGREEMENTS

The RFP questions on host community benefits focused on respondents' preferences regarding how the agreements are formalized and represented in the auction documents, as well as general feedback. Based upon respondent feedback, NYSERDA intends on negotiating Host Community Benefits Agreements, when possible, to minimize the risk and variability this factor presents for bidders.

INTERCONNECTION

The RFI questions related to interconnection included: (1) whether or not developers would bid on projects with various interconnection studies still outstanding, including the System Impact Study (SIS) and/or the Facilities Study (FS); (2) whether or not developers would bid on a project without Energy Resource Interconnection Service (ERIS) and/or Capacity Resources Interconnection Service (CRIS) rights secured; (3) if developers would prefer to negotiate the Interconnection Agreement or have NYSERDA complete these negotiations; and (4) general

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feedback on interconnection. Specific questions related to the Benson Mines Solar Project focused on the SIS, the NYISO interconnection process, the use of an independent feasibility study instead of the optional NYISO Feasibility Study, whether developers would self-perform connecting transmission owner (CTO) interconnection upgrades or rely on the CTO to perform the upgrade work, and general feedback. Based upon respondent feedback, NYSERDA intends on progressing projects as far along as possible in the interconnection process while leaving the negotiation and execution of interconnection agreements to the selected developer to be completed post-auction. Based upon respondent feedback, NYSERDA intends to complete the SIS process for the BR Benson Mines Solar Project prior to auction. Based upon respondent feedback, NYSERDA is evaluating the potential to allow for variable REC pricing post-auction for deviations from a baseline interconnection cost set forth in the auction documents to reduce the risks surrounding interconnection cost variability.

PERMITTING

The RFI requested feedback on permitting, including gauging interest in bidding on projects that have submitted permit/siting applications but with approvals outstanding, and general feedback. Based upon respondent feedback, NYSERDA intends to secure as many permits as possible prior to taking projects to auction.

SITE DESIGN CRITERIA

The RFI requested feedback on the project design for the BR Benson Mines Solar Project, and asked respondents to indicate which permitting or engineering decisions should be reconsidered to reduce costs without compromising environmental compliance or system reliability. Based upon respondent feedback, NYSERDA intends to complete preliminary designs in a manner that will minimize grading and other project costs, include appropriate setbacks from wetlands and roads, and maximize project capacity.

PROJECT DEVELOPMENT MILESTONES

The RFI requested feedback on project development milestones. Based upon respondent feedback, NYSERDA intends to include a list of real property, interconnection, and environmental documents in the data room for developers bidding on Build-Ready projects and include schedule commitments as a potential evaluation criterion.

AUCTION PROCESS

The RFI requested feedback on the auction or bid process, including the eligibility requirements for the first step of the auction process, non-price bid requirements, price proposal requirements with and without REC agreements, and any issues that could impact the closing and transfer process. Based upon respondent feedback, NYSERDA intends to adhere to the auction process format as set forth in the RFI and program documents.

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OTHER FEEDBACK

Based upon respondent feedback, NYSERDA intends to incorporate energy storage into project design/development, where possible, moving forward.

CONCLUSION

NYSERDA's Build-Ready program greatly appreciates the participation and feedback from industry. Moving forward, the Build-Ready program intends to initiate a Market Advisory Group (MAG) and auction the BR Benson Mines Solar Project in 2023.