

2023 Rhode Island Request for Proposal for Offshore Wind Energy

Per ACES Statute

Question and Answer Response #3

Multi-State Proposal Questions

- 1. Bidder Question (from Section 2.2.2.4):** The RFP states, *“An Eligible Bidder must submit a proposal for the sale of Eligible Products from an Eligible Facility for a term of at least 15 years and no more than 20 years for a conforming bid. Bidders must submit at least one conforming bid in response to this solicitation. Non-conforming bids **may have long-term contract durations of up to 30 years.**”* [emphasis added]

A longer-term contract of 25 to 30 years will likely result in a materially lower contract price. The Rhode Island RFP allows proposals for contracts for up to 30 years. Contracts in Massachusetts and Connecticut are limited by law to 20 years. The result will be lower prices being available to Rhode Island. Please confirm that developers can submit Multi-State proposals with 20+ year contract durations. Assuming they are allowed, how is Rhode Island working with other states to quantitatively evaluate longer-duration contracts? There will be a significant price difference between the lower-cost, longer-duration Rhode Island contracts and those awarded in other states with shorter-duration.

How should developers efficiently propose projects where the developer has no preference for the volume split of contracts with different duration contracts? For example, a developer would likely support an award with 1199 MWs on a 30-year contract and 1 MW on a 20-year contract, or 1 MW on a 30-year contract and 1199 MWs on a 20-year contract. The difference between these scenarios is the average price, as the more volume secured on a longer-term basis, the lower the overall contract price is likely to be.

- **Rhode Island Energy Response:** Multi-State Bids must meet the requirements of each receiving Party's, or their respective Electric Distribution Companies' (EDC), RFP. For that reason, Multi-State Bids may not have contract terms greater than 20 years.
- 2. Bidder Question:** Would the evaluation team consider revising the guidance provided in response to Q&A Batch 3 question 75? The approach described in that response could require developers to submit 50-100 bids each for projects which may be materially identical except for specific changes in areas like ports, economic development, etc.

As an illustrative example, within the three states there are at least six different ports which could be used for offshore wind construction at various scales. Creating an option for single- and multi-state selection of a project which is identical other than their port utilization would require a total of 36 different bids, with each state receiving 6 single state proposals (one proposal for each port variation), and then another 6 multi-state proposals (identical to the single-state proposal) – 12 total proposals to each state, 36 proposals in total, for a project which is changing only one port. If the developer were to then also propose each of these bids with fixed and indexed pricing, a further 36 proposals would be required, resulting in the State's having to analyze 72 bids from just one developer. If each

of the five developers with leases in the MA/RI Lease proposes all these ports, that would result in 360 total bids, with the only variation being a construction port.

This simple illustrative example could also be extended to variations such as workforce development, utilization of existing in-state manufacturing, creation of new manufacturing, etc. The bid-submission structure as currently proposed could lead to hundreds or even thousands of bids collectively, or it could have a stifling effect on innovation and optionality for states if developers end up narrowing their bid configurations to avoid the very large number of bids.

One solution could be, (i) waive the need for developers to submit both a single- and multi-state bid for identical proposals, and instead require just the multi-state proposal which could be awarded to a single state if they chose to procure 100% of it (a de facto single state selection without the need for the extra, identical bid), and (ii) for any given bid, consider allowing developers to propose optional changes which the State's could select with transparent and binding pricing, but without a requirement that a new bid set is submitted for each option or combination of options.

- **Rhode Island Energy Response:** Please see the response to question #28 provided in Connecticut's Responses to Bidder Questions at the following link [DEEP Energy Filing Form \(state.ct.us\)](https://state.ct.us/deep-energy-filing-form).

3. **Bidder Question:** The MOU states: *"If a Multi-State Bid is offering a price difference between Parties or their respective EDCs for a severable aspect of the bid (e.g., economic development or environmental mitigation), **Bidders must provide the nominal annual dollar amount** necessary of the severable aspect such that **a \$/MWh price can be calculated by the Parties**, or their respective EDCs, after the Multi-State Bid project is apportioned by the Parties and their respective EDCs as appropriate such that the base price is the same for all Parties, or their respective EDCs, included in the Multi-State Bid. The Parties discourage Bidders from submitting severable aspects of bids but are not disallowing it."* [emphasis added]

How do the evaluators plan to calculate a \$/MWh price impact from a nominal annual dollar amount? Are bidders also required to submit a price sensitivity, such as \$1M of additional cost across 1 MW of awarded capacity equals a specific \$/MWh price change so that the cost can be allocated to one state pro-rata with the total MW they procure? Is a severable commitment considered a distinct proposal for only the state where the price may change, or is it a separate multi-state bid for all states?

This process seems designed to allow for optionality, but it is unclear how the evaluators will calculate the pricing impact, and this concept overall is not incorporated into the Multi-State Form.

- **Rhode Island Energy Response:** Please see the response to question #29 provided in Connecticut's Responses to Bidder Questions at the following link [DEEP Energy Filing Form \(state.ct.us\)](https://state.ct.us/deep-energy-filing-form).

4. **Bidder Question:** Please confirm that negative contingencies are allowed for single-state bids. Referring to Case 1 in Multi-State Form - Appendix A, a bidder proposes a 1200 MW project, Project Red. Is a bidder allowed to propose 1200 MW to all three single-state solicitations and 1200 MW to the multi-state solicitation, with all four of those scenarios negatively contingent? The scenario proposed with the developer offering 400 MW as single-state proposals to each state is unlikely as there may be an award scenario where the project is not fully contracted, which would then not be financeable; a table considering 1200 MW projects would be helpful, if possible.

- **Rhode Island Energy Response:** Please see the response to question #30 provided in Connecticut's Responses to Bidder Questions at the following link [DEEP Energy Filing Form \(state.ct.us\)](https://state.ct.us/deep-energy-filing-form).
5. **Bidder Question:** Are bidders able to establish a minimum MW purchase requirement for multi-state proposals? For example, a proposal may require not less than 100 MW to enter multi-state selection. Or is the intention that any state can procure 0%-100% of the project?
- **Rhode Island Energy Response:** Please see the response to question #31 provided in Connecticut's Responses to Bidder Questions at the following link [DEEP Energy Filing Form \(state.ct.us\)](https://state.ct.us/deep-energy-filing-form).

Note: Unless stated otherwise, RFP refers to the "Request for Proposals for Long-Term Contracts for Offshore Wind Energy," Issuance Date October 13, 2023 (as amended), by the Narragansett Electric Company d/b/a Rhode Island Energy.