



## **DEEP IMPLEMENTATION OF SECTION 127**

### **QUESTIONS AND ANSWERS**

- 1. Does the Solicitation have to be mailed and received by 12/16/11 at noon or can it be e-mailed? Would being postmarked before the deadline be satisfactory?**

Answer: Completed proposals must be sent electronically to Debra Morrell directly at Debra.Morrell@po.state.ct.us no later than 12:00 PM on December 16, 2011. One hard-copy of the proposal should also be sent via overnight mail to Debra Morrell at 10 Franklin Square, New Britain, CT 06051 and shall be postmarked December 16, 2011.

- 2. Should we assume that we will carry the cost of interconnection with the relevant Electric Distribution Company's (EDC) electrical infrastructure, or will this be the EDC's financial responsibility?**

Answer: The project owner/developer will bear the cost of interconnection and should incorporate the reasonable anticipated costs into the proposed fixed contract price.

- 3. Are there any labor constraints we should assume in the hiring of subcontractors for work on a project resulting from an award through this solicitation (prevailing wage, union, etc.)?**

Answer: DEEP will not place any labor constraints other than what is contained in Connecticut's existing state law.

- 4. What is the definition of nameplate solar?**

Answer: The definition of nameplate solar for this purpose is the rated A/C output of the facility.

5. **Confidentiality of financial information.** Page 2 of the Notice of Acceptance of Proposals from Private Developers says that “Information regarding the financial viability of the project will be treated as confidential. Proposals should be submitted in redacted and non-redacted form. Remaining information contained in the bid other than financial viability of the project will remain confidential until the conclusion of the evaluation process.” Please confirm that the financial information including financing plan, financial structure, cash-flow analysis, pro forma income statements, cost of the project and O&M costs will remain confidential during and after the conclusion of the evaluation process. Please state whether the Power Purchase Agreements (PPA) price remains confidential.

Answer: Financial information including the financing plan, financial structure, cash-flow analysis, pro forma income statements, cost of the project and operation and maintenance costs will remain confidential during and after the conclusion of the evaluation process.

The Power Purchase Agreement price will remain confidential only for unsuccessful bids. The Power Purchase Agreement price for selected projects will **not** remain confidential.

Additional instructions for filing confidential material will be posted on December 14, 2011.

6. **Electronic submission of proposals.** The DEEP website indicates “Proposals may be submitted electronically to: [Debra.Morrell@po.state.ct.us](mailto:Debra.Morrell@po.state.ct.us).” Is there a limit on file sizes that the e-mail address can handle?

Answer: The DEEP system can handle up to 5MB of data in a single e-mail.

7. **Model PPA – p. 22, Section 6.1 Seller’s Support (both Development Period and Operations Period).** “Credit Support in the amount of \$10/kWh of Contract Maximum Amount” is excessive. Is that a typo? Should it read \$0.10/kWh (or \$10/MWh), or some other amount?

Answer: The stated amount is correct. The contract maximum is expressed in kWh per hour.

8. **Does the price in the PPA on a per kWh basis include (embed) the price of the RECs to be produced by the facility or are the RECs bid as a separate component of the PPA price?**

Answer: Section 4.7 of the Model PPA requires the Seller to transfer to the Buyer all rights, title and interest in and to the Buyer's percentage entitlement of the facility's environmental attributes, including RECs. Section 5.1 requires that all of the products delivered to Buyer will be purchased at a single price specified in Exhibit E. RECs are not bid as a separate component of the PPA price.

9. **Is DEEP requiring each project to submit a petition for a declaratory ruling to PURA qualifying the proposed facility as a Class I facility? What is timing of this filing?**

Answer: Section 3.4(b)(iii) of the Model PPA requires the Seller to receive approval from PURA registering the facility as a Class I Renewable Generation Unit. This is not a requirement to bid but is a requirement prior to commercial operation of the facility. Declaratory rulings can be sought by project developers if necessary to obtain financing from private lenders; however, they are not a necessary prerequisite.

10. **What happens to PPA if there is a change in law making the project no longer eligible under the CT RPS? (See Sections 4.7(b) and 7.1(g)).**

Answer: Section 4.7(b) provides that if the facility ceases to qualify as a RPS Class I Renewable Generation Unit solely as a result of a change in law, Seller is required to use commercially reasonable efforts to ensure that all energy provided by Seller to Buyer meets new eligibility requirements. If, after such commercially reasonable effort, the Seller is unable to obtain qualification as a Class 1 Renewable Generation Unit, Seller shall seek qualification under the renewable portfolio standard or similar law of New York and/or one or more New England States (in addition to Connecticut) and/or any federal renewable energy standard. Any RECs associated with such qualification will transfer to the Buyer. Seller shall use commercially reasonable efforts, consistent with Good Utility Practice, to maintain such qualification at all times during the Services Term, or until Buyer indicates such qualification is no longer necessary. Failure to make commercially reasonable efforts to ensure that all energy provided by Seller to Buyer meets new eligibility requirements would be considered an Event of Default.

- 11. Can the PPA be modified by PURA or DEEP as a result of the regulatory PPA approval process? (See Sections 8.1 and 8.3). In other words, can PURA or DEEP modify the PPA after it has been negotiated by the utility and the private developer?**

Answer: DEEP expects that the final negotiating process will result in nonmaterial changes to the Model PPA. However, DEEP will not review or modify the final contracts. PURA retains its full regulatory authority under Title 16 of the General Statutes of Connecticut. Pursuant to Section 8.3, if PURA approval results in an order that is unacceptable in form and substance to Buyer, either party may terminate the agreement.

- 12. Whether capacity is a sellable product under the PPA.**

Answer: The Solicitation sets forth the requirement that electric distribution companies will own all capacity associated with the project. If participation in the Forward Capacity Market is required under the associated rules, the project must qualify and participate in the capacity market to obtain the capacity benefit. However, because Section 127 limits the size of generators to 5 MW or less, such units have additional options, such as registering as a "Settlement Only Generator," or treating the unit as a load reducer. The Department will allow the EDCs to negotiate the option that represents the easiest method to obtain the capacity benefits associated with the project.

- 13. Clarify if capacity will be included in the PPA.**

Answer: See the answer to #12.

- 14. What is the assumption that we should be using for the avoided cost of the power rate within The Connecticut Light and Power Company territory during the 20-year term of the PPA?**

Answer: The Solicitation required that an application include pro forma income statements that indicate projected costs and revenues annually to show that the project is cost based and provides a reasonable rate of return. As such, bids should be based upon the costs incurred by the developer, rather than the costs to be avoided by the electric distribution company.

- 15. What is the assumption that we should be using for the avoided cost of the Class I RPS during the 20-year term of the PPA?**

Answer: See the answer to #14.

**16. Do you require site control?**

Answer: The bidder should demonstrate that it has a majority control (>50%) over the project site or a right to acquire control over the site of its proposed project. A lease agreement or option agreement to purchase or lease the site for the duration of the contract period is also acceptable. The bidder is not required to have property rights associated with the interconnection facilities at the time of the proposal, but DEEP notes there will be penalties associated with not acquiring the required real property rights necessary for interconnection of the Facility to the Interconnecting Utility. See, section 3 of the model PPA, Facility Development and Operations.

**17. Is this a non-binding proposal?**

Answer: Proposals are non-binding up until the point a PPA is executed with the selected bidder(s). However, failure to execute a PPA within 180 days of approval will result in loss of the project award.

**18. Are there any other documents to review besides the Notice of Acceptance and the Sample PPA?**

Answer: Interested bidders should review the December 8, 2011 Notice and Model PPA for bidding instructions as well as the DEEP website.

**19. Could you please confirm which technologies are eligible?**

Answer: Eligible technologies are as solar power, wind power, wave or tidal power, and low-impact hydropower.