

Renewable Energy Power Purchasing Agreement Request for Proposals

Questions and Answers- November 8, 2017

1. Is there a preference for companies with headquarters in Philadelphia?
 - a. The COP is prioritizing projects that are close in proximity to Philadelphia's city limits. There are no requirements or selection criteria based on proposer company location.
2. Does the COP prefer to contract with one PPA or multiple PPAs?
 - a. The COP would consider contracting with multiple PPAs. Please consider that each PPA will require administration approval, contracting and legal services, and contract management from the COP, which means there is a slight preference for larger projects or proposals that maximize renewable purchasing through one transaction.
3. How does the COP balance the cost difference between projects within Philadelphia city limits and projects outside Philadelphia city limits?
 - a. In this project, the COP is looking for budget stability and cost efficiency. Projects and costs will be evaluated on a case-by-case basis. The COP is not expecting that projects located within Philadelphia will be cost-effective.
4. Section 4.4 of the RFP outlines selection criteria. Are the criteria weighted in any particular order?
 - a. No.
5. Why is the federal solar Investment Tax Credit (ITC) timeline important?
 - a. If the proposer is able to leverage the ITC, that savings could be passed on to the COP.
6. When would the COP like the proposed project to come online?
 - a. The COP has the opportunity to accept electricity from PPA as soon as possible. For new projects, COP is looking for a predictable start date.
7. Would the COP be interested in accepting electricity from an existing project in 2018, and a new project starting in 2019?
 - a. The COP would have to review that specific proposal to make a decision. Strong financial backing of projects would also be considered.
8. Does the COP prefer to have new projects built through this project?
 - a. No preference, but the COP is interested in new projects to expand renewable energy in the region.
9. The COP has indicated a target date to start accepting electricity from this project. Is there an end date?
 - a. No.

10. Should proposers include a draft PPA format in their responses?
 - a. Yes, and the COP is looking for feedback on the term sheet included in the Request for Proposals.

11. What is the COP's definition of long-term?
 - a. 15-20 years. Procurement needs to be in place so that the City can reach its 2030 Municipal Energy Master Plan goals.

12. Can you explain how the Philadelphia Energy Authority is chartered, funded, and the longest contract that they have held?
 - a. The Philadelphia Energy Authority (PEA) is primarily city-funded at this time, but is also building programs that will create their own income. The PEA would be the entity entering into the PPA, and a counter-agreement would then be created between the PEA and the City where the City would have most if not all obligations for contract management. The PEA is set up to have the City as the PEA's backstop. Currently, the PEA is working with the City to enter into a 20-year contract for energy efficiency upgrades at the Philadelphia Museum of Art.

13. Does the COP want RECs generated from this project?
 - a. Per the RFP the City would prefer AEPS credits be delivered to the City.

14. Does the COP have any requirements regarding the interconnection queue in the PJM pipeline?
 - a. No, but we expect proposers to articulate their project position in the PJM interconnection queue in their technical submittal.

15. Does the COP have a preference for Tier I or Tier II RECs?
 - a. The COP is looking for looking for carbon-free electricity generation which we believe to be most applicable to come from PA Tier I RECs. Hydro plants within the Tier II category would be considered.

16. Does the COP have any comments on how the proposed new AEPS rules will affect this project?
 - a. The COP is tracking the new rules, but does not have any comments.

17. Would a Pennsylvania plant be preferred to a plant located in New Jersey or Delaware?
 - a. The COP prefers plants located as close to Philadelphia as possible.

18. How will the COP weigh the dollar value difference between projects in two different places?
 - a. The COP prefers plants located as close to Philadelphia as possible partly because there is lower basis risk the closer to Philadelphia the plant is. Dollar value difference and project risk will be considered on a case-by-case basis.

19. Will Philadelphia's prevailing wage requirement apply to a project located anywhere?

- a. Because the City will not hold contracts for construction of any plants proposed for this RFP, the prevailing wage requirements will not apply for projects outside the City, but prevailing wage is encouraged for all locations. This project will need to be approved by City Council, and Council will weigh prevailing wage as well as the project Economic Opportunity Plan (EOP) in their evaluation.
20. Will firms with a local hiring program be considered if they are not women or minority-owned?
- a. The Office of Economic Opportunity's minority, women, and disabled enterprise requirements apply to enterprise ownership, not company-wide demographics. The workforce participation information reported will look different for existing and new facilities. Local hiring programs are encouraged.
21. Is there a HUB settlement location preference?
- a. PECO location preferred, but not required.
22. Will biogas projects be considered?
- a. The COP is looking to contract with carbon-free projects. Electricity generated from Biogas would be reviewed, but there is a preference for projects that provide entirely carbon-free electricity.
23. Is there any way to get an indication on the pricing for the power you are currently purchasing?
- a. The City purchases electricity on the wholesale market and the best place to get an indication of current prices received by the City would be to review wholesale pricing data available at pjm.com or eia.gov.
24. Can you please clarify whether the COP will consider proposals that offer to provide a portion of the total need? E.g. Will a 10MW solar proposal be considered as potential for award? Or, will the COP consider multiple awardees?
- a. See question #2.
25. Can an operating project and a to-be-built project be submitted together?
- a. See question #2. Submitting two projects through one contracting arrangement would simplify some of these concerns.
26. Is the City of Philadelphia willing to accept a coterminous forward capacity sale?
- a. The City is willing to consider all capacity offers however the City will not accept any capacity offers that could subject the City to penalties for non-performance of the underlying asset.
27. Does the City pay transmission or other charges based on demand? For example, schedule 12 costs, NITS costs, capacity costs.
- a. Yes. The City pays transmission, capacity, and other charges. The full cost of these charges are passed through the City's PJM Sub-Account to the City.

28. Is each City facility billed separately with its own rate class and then aggregated for payment or is there one bill for all of the city facilities and a city level rate? Specifically, for any Capacity or transmission type of charges.
- a. Each facility is billed individually. Different supplier rate classes apply to City facilities based on City Fund classification (Water, General, and Aviation) and the corresponding load profile of each Fund. As an example, the Water Fund, which is primarily night peaking due to water pumping activity has a rate reflective of more off-peak use with a lower capacity and transmission tag to correspond with its usage profile.
29. Is there a reserve requirement percentage?
- a. The COP is not requiring a reserve requirement percentage. Any capacity commitments made to the regional grid operator associated with the project is the sole responsibility of the seller unless agreed to otherwise.
30. The City has an inverse load profile from the water pumping. Are there charges or credits the City receives for pumping during PJM off peak – no or reduced demand/transmission charges?
- a. Capacity and transmission costs are passed through to the City via its PJM subaccount. The City does not receive any credits for its load profile, but does participate in Peak Load management programs at many of its largest assets.
31. Are there any requirements or preferred levels of minority and/or women-owned business cooperation?
- a. Yes. Please refer to Attachment D – Economic Opportunity Plan – of the RFP for minority, woman, disabled and disadvantaged business enterprise goals for this RFP.
32. With respect to the discussion on prevailing wages in Attachment C, does the prevailing wage requirement also apply to any contracted workforces during construction?
- a. See Question #19.
33. How does the recent Pennsylvania legislation prohibiting SRECs sold into Pennsylvania (SECTION 2804. ALTERNATIVE ENERGY PORTFOLIO STANDARDS) affect this RFP? Does this prevent solar energy projects outside of Pennsylvania from being eligible for this RFP?
- a. No, the recent AEPS legislation doesn't affect eligibility of solar projects outside of Pennsylvania for this RFP.
34. Could you please specify exactly which parts, if any, of the Economic Opportunity Plan (EOP) are required for/apply to a plant that is already operational?
- a. For plants that are already operational, COP requests information on EOP participation Proposer was able to achieve during the construction phase and during the current operations phase of the project.
35. Does the COP have any interest in procuring the capacity from a proposed project?
- a. See question #26.
36. Will the COP accept renewable energy certificates (RECs) not generated from the proposed project, sometimes referred to as replacement RECs, as meeting this Request for Proposal's REC

requirements? Specifically, will the COP accept RECs from another renewable energy project that is also located in the PJM territory and owned by the same proposer who owns the project that will supply the electricity?

a. The COP would consider receiving replacement RECs.

37. Is the COP interested in PA Tier II RECs generated from carbon-free sources that will help the City meet its Alternative Energy Portfolio Standard (AEPS) Tier II requirements?

a. The COP would consider receiving carbon free PA Tier II RECs.

38. What is the minimum number of megawatt hours (MWh) required to be proposed in a single proposal? Does the COP require at least 140,000 MWh submitted in each proposal, or is a smaller amount allowed to be proposed under the assumption that the COP could combine the less-than 140,000 MWh proposal with another proposal to meet the desired 140,000 – 280,000 MWh?

a. See question #2. The COP would consider a proposal smaller than 140,000 MWh.

39. We understand that the City of Philadelphia will guarantee the obligations of the Philadelphia Energy Authority. Is that correct? If so, can you provide an example of the contractual language that provides this guarantee?

a. The City will guarantee obligations of the Philadelphia Energy Authority. No, contractual language will not be provided at this time.

40. Is the City open to taking replacement RECs? In other words, can the project keep the project RECs and replace with any Green-E national RECs.

a. See question #36. Any RECs would need to apply for the PA AEPS.

41. The RFP asks for proposed settlement location, but the Term Sheet Product says that energy must be deliverable to PJM's PECO Zone. Do you have a preference for settlement location? Should proposals show various potential prices dependent on settlement location (busbar vs hub vs zone)?

a. The COP has a preference for the PECO delivery zone to reduce basis and congestion risk exposure as outlined in the "Product" section of the RFP Attachment A - Project Term Sheet. Alternative options can be proposed and as specified in the "Financial Settlement Point" section of the RFP Attachment A, Proposer must specify their proposed settlement point. Yes, Proposer should provide various potential prices based on settlement location.

42. The RFP says that project COD must be no sooner than July 2018 – is there a back limit on required COD (ie 2020)? Is there a preference given to earlier projects?

a. See question #9.

43. Does the city prefer new build projects as opposed to existing due to additionality?

a. See question #8.

44. Can an alternative REC be supplied other than the REC produced by the System. For example if there was a solar project in New Jersey which produced NJ SREC's, could we specify that per NJ SREC produced by the system we would supply a Tier 1 REC.

- a. See question #36.
45. Can we include generators which are not renewable but specify that per MWh supplied by the generator we would supply a Tier 1 REC.
- a. No, the COP is looking for renewable electricity generators in this RFP.
46. Under this RFP are we allowed to partner with other bidders to build a project that will provide 140,000-280,000 MWH annually?
- a. Yes.
47. For this PPA proposal, does the office have a definition of “renewable” energy?
- a. See question #15. The COP is looking for carbon-free generation which would primarily come from plants that are eligible to create PA Tier I RECs. Hydro plants within the PA Tier II category would be considered.
48. Will the city accept a submission solely based on projects not yet developed but discussed in the RFI associated with this RFP? If yes, what type of pricing sheet/analysis do you require?
- a. Please reference the “Alternative Proposals” section of the RFP. Pricing and analysis should be provided as required in section 4.3 “Required Content” of the RFP.
49. CHP is not considered a renewable energy platform. Can chp be considered at City owned facilities and part of this RFP?
- a. No, CHP on City-owned facilities will not be considered for this RFP.