Sulphur Springs Valley Electric Cooperative

2020 Solar + Storage RFP Bidder Q&A

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Disclaimer: These questions are answered to the best of our ability and knowledge at the moment. We don't warrant the information to be perfect, and will update information as needed. Any revisions will be made aware to those who have submitted an NOI by August 4, 2020.

INTERCONNECTION COSTS:

1. **What should we assume is included in the $1.5M interconnection cost assumption? Should the developer assume any additional costs to include in their bid?**

   The $1.5M interconnection should be assumed to be entirely inclusive of **all** interconnection costs including the switching station, the gen-tie line and deliver 69 kV to the switching station on the North side of the site. The cost also covers the breaker station as the point of interconnection, protection and communications per SSVEC specifications. No additional costs should be assumed, or included in the PPA price. The $1.5M costs should be provided in the form of a $/MWh adder to the PPA price so that the project cost excluding interconnection cost is clear. Please refer to Attachment D - 69 kV Breaker metering and Attachment E - Foundation Layouts.

2. **Does the 20 MW interconnection for the PV + storage require interconnection approval from any other party?**

   No outside approvals are required.

3. **Could you share the SSVEC minimum interconnection specifications?**

   SSVEC's interconnection manual has been posted to the RFP website as a supporting document. Please refer to Attachment F - SSVEC DG Interconnection Requirements.

4. **Has an interconnection study already been completed for the proposed site? If no, will an Interconnection Request be required to be submitted and will the study times effect proposed COD dates?**

   SSVEC has completed informal interconnection studies and will complete, at no cost to the bidder, any additional interconnection studies deemed as necessary during the development of the project.

5. **Assuming we will be going through the SPP Interconnection Queue on this project - has there been any interconnect applications filed by SSVEC?**

   No, this will not be going through the SPP Interconnection Queue.

6. **Will the switching station be located on site?**

   Yes, switching station will be located on site.

7. **Is there a preference on where the interconnection and point of access are placed?**

   Interconnection needs to be located near the Northeast side of the site. Physical point of access will be on the North side of the site. The county-maintained road ends at the Northwest corner of the property.

8. **Is the interconnection cost non-refundable and non-eligible for ITC?**

   No, the interconnection cost is non-refundable and not eligible for the ITC.

9. **What is the available capacity on the 69kV feeder and the substation? Has there been a utility capacity study for this location and system size?**

   The facilities have adequate capacity for the proposed project.

10. **Is the feasibility study completed for this project?**

    A formal feasibility study has not been completed. SSVEC has completed internally an informal feasibility study for the purpose of selecting an appropriate site.

11. **Has an interconnection feasibility study been completed? If the solar and storage systems are AC-coupled, will there be different interconnection costs for 5, 10, and 20 MWac storage systems?**

    Please maintain the $1.5M interconnection assumption across all battery configurations and coupling.

12. **Are there any avoided interconnection costs for DC-coupled configurations, which held constant at 20 MW AC, instead of 25, 30, and 40 MW for an AC-coupled configuration?**

    Please maintain the $1.5M interconnection assumption across all battery configurations and coupling.

SITE INFORMATION:

1. **Will a KMZ file be provided?**

   A KMZ file has been posted to the RFP website as a supporting document. Please refer to Attachment G - Site KMZ file.

2. **Are there shape files for the project site specifically, boundary and topographic surveys?**

   A topographic survey has been posted to the RFP website as a supporting document. Please refer to Attachment H - Topo Map.

3. **Are property taxes the responsibility of the bidder? If yes, is there a standard number that all bidders are expected to utilize in their bid?**

   No, property taxes will be the responsibility of SSVEC during the term of the PPA. If SSVEC chooses not to extend the PPA after the initial term, the bidder will be responsible for the property taxes.

4. **What date must an alternative site be controlled by to be considered in this RFP?**

   Site control must be completed by the RFP release date (July 16, 2020).

5. **Is there a model land lease agreement available?**

   The general terms of the land lease agreement have been included in the RFP document.

6. **What is the lease rate for the project site?**

   Please assume the land will be leased for $1 per year for the duration of the PPA term. If SSVEC chooses not to extend the PPA after the initial term, the bidder will have the option to extend the site lease out an additional 10 or 15 years, dependent on the initial term of the PPA. The lease cost, made in annual installments, will be equal to the then prevailing market rate for comparable solar energy generating and transmission facilities within a 100 mile radius of the site.

7. **Will there be a public access road to the site? Will easements for the site already be acquired?**

   Public access is via county-maintained Ranch House Road to the Northwest corner of the site. Minor improvements may be required beyond that point depending on the designed access point for the project. Easements for the gen-tie line already exist.

8. **Are there any permitting and zoning requirements for the proposed site?**

   SSVEC is applying for special use permits required for zoning. The bidder will be responsible for all building and environmental permitting specific to their construction project.

9. **Is there remediation required to construct on the site?**

   There will be brush clearing required to remove Mesquite trees. This will be the responsibility of the bidder.

10. **What are the setback distances from property boundaries?**

    The property is ringed by a 30 ft. ingress egress easement, that exceeds the normal construction setbacks.

11. **What office is the local permitting jurisdiction for this site?**

    The project is under the jurisdiction of the county of Cochise in the State of Arizona.

12. **Site appears to be in a Zone A flood zone, per FEMA it is 1-percent chance of being equaled or exceeded in any given year. Would you like insurance for this event, or any other recommended mitigating measures?**

    The property is subject to small amounts of sheet flow and standing water. SSVEC requires no insurance or mitigation measures, but sensitive equipment should be elevated slightly above native grade. Please refer to Attachment I - Cochise County Floodplain Brochure and Attachment J - Cochise County Floodplain Regulations.

13. **Is water available for normal operations after construction (building water/sanitary, module washing, etc.)?**

    There is no water on the site. There is possibility to make arrangements with a neighboring farm.

14. **Are there severed mineral rights throughout the site?**

    There are 50% severed mineral rights. There is no known value or concern.

15. **Can bidders perform site visits? Are there any approvals required to access that land?**

    Bidders are welcome to visit the area and view the site from the road. We ask that bidders not go on-site until formal site visits have been arranged during the second round of bidding. We anticipate providing pictures or video of the site in the near future. Please refer back to RFP website next week.

16. **In the RFP it states "delivery location". Where exactly is this delivery location? Where is busbar located?**

    The point of interconnection will be at the 69 kV line located on the North boundary of the site. SSVEC will provide the facilities up to the point of interconnection.

17. **Is Ranch House Road expected to become county-maintained prior to 2022? If not, will the road be sufficiently maintained for sufficient delivery of reliable equipment, or will the developer be expected to cover that cost?**

    Ranch House Road is currently county-maintained up to the Northwest corner of the project. Any improvements beyond that will be the responsibility of the bidder. Currently, the road conditions are sufficient for farm traffic including trucks.

18. **What is the developer's responsibility as it pertains to site studies and development? Have there been any phase 1 environmental or geotechnical studies completed? Will SSVEC be responsible for these studies? If completed, could you provide copies or summaries?**

    SSVEC will complete a boundary survey and preliminary soils analysis for the purpose of construction of the gen tie line. The bidder will be responsible for all other studies applicable to its construction project.

19. **Have Natural and Cultural Reviews (NEPA and SHPO) been completed? If yes, will you please provide copies or summaries? If no, are we expected to include the price to perform such studies in our bid?**

    Please include the price to perform these studies required for the project in your team's bid.

20. **Has a wetland delineation and associated Jurisdictional Determination from the Army Corps of Engineers been completed? If yes, will you please provide copies or summaries? If no, are we expected to include the price to perform such studies in our bid?**

    Please include the price to perform these studies required for the project in your team's bid.

21. **Has a geotechnical analysis or pile load testing been completed at the site?**

    SSVEC will be conducting a geotechnical analysis for the purpose of the gen tie line design. SSVEC can share this data, but it will be several weeks before this is completed.

22. **Are additional discretionary permits (CUP, Environmental, etc.) needed?**

    There are no additional discretionary permits that SSVEC is aware of at this time.

23. **If there are existing or potential environmental claims/liabilities pertaining to the site, will SSVEC provide appropriate protection, indemnification?**

    SSVEC is currently not aware of any concerns. Indemnification will be covered in the contract.

24. **Does the SSVEC site have a report for drainage and geotechnical for soils?**

    SSVEC will be conducting a geotechnical analysis for the purpose of the gen tie line design. SSVEC can share this data, but it will be several weeks before this is completed.

25. **Is there an ALTA, topographic, hydrology, or wetlands survey or geotechnical analysis for the property? Can they be shared with bidders?**

SSVEC will provide the latest survey of the property. The ALTA survey will be completed but not in time for the bidding process. SSVEC will share the results of the geotech analysis when it is received. The topology of the site is unaltered and should be accurately represented by USGS topos. Please refer to Attachment K - Survey.

26. **What is the JHA is requiring to approve the facility? Are such approvals ministerial with building plans and not subject to a lengthy, discretionary process?**

    This project is under the jurisdiction of Cochise County, Arizona. The county has completed more than one project similar to this project and will have a defined process.

27. **Can you provide any information regarding fire requirements?**

    SSVEC is unaware of any special fire requirements. Nearest responding fire department is the City of Willcox.

SOLAR + STORAGE QUESTIONS:

1. **Please clarify whether the RFP is requesting separate pricing for 20- and 25-year terms, or whether a 20-year term with the option to extend 5 years is being requested?**

   Separate pricing is requested on 20- and 25-year terms. 25-year pricing should not be based on the option to extend a 20-year term.

2. **Please confirm that pricing is being requested on all six configurations for the battery storage component?**

   Yes, pricing is being requested for 2- and 4-hour durations on the 5MWac, 10MWac, and 20MWac battery sizes.

3. **What is the intended use case of the storage? Are there any capacity commitments required beyond the solar?**

   The intended use case of the storage is currently to extend the solar generation into the evening hours by cycling on a daily basis. In the future, there is the potential for this to evolve, but at present, the use case is primarily extension of solar generation and there are no commitments required beyond the solar.

4. **Regarding the 'optimized', non-conforming responses, what is the criteria for determining the optimized battery configuration? Is it strictly ESSA rate? Is there a min/max AC:DC ratio or capacity factor requirement?**

   No. The option to provide non-conforming responses in addition to those requested, is to allow developers to provide options they believe to be beneficial to SSVEC based on their specific experience with these projects.

5. **Is the developer responsible for dispatching the battery? Will SSVEC consider a third party coincident peak forecast and dispatch of the battery?**

   No. SSVEC or its scheduling agent will direct battery operation.

6. **If AEPCO is scheduling the battery, is this a tolling agreement, and are they responsible for ITC compliance?**

   This project will be contracted via an Energy Storage Services Agreement (ESSA). As between the successful bidder and SSVEC, SSVEC will be responsible for complying with the ITC charging requirements, which it plans to accomplish through its scheduling arrangement with AEPCO.

7. **Could you provide the annual/seasonal peak hours most pertinent for battery storage energy shifting?**

   SSVEC does not have the requested information at this time. The plan generally is to reduce contributions to system peak demands throughout the year and to reduce the cost of power otherwise purchased in the wholesale markets. Transmission demands are currently based on a rolling average of the most recent 12 monthly coincident peaks with AEPCO. Generation demand responsibility is currently a function of SSVEC's non-coincident system peak demand in the summer months of June-August.

8. **Is there a value to RECs? Should pricing be inclusive of all environmental attributes?**

   Yes, pricing should be inclusive of all environmental attributes including the value of RECs.

9. **Is SSVEC planning to develop a community solar program and is this resource meeting such a need?**

   No.

10. **Is SSVEC seeking solar + storage only, or are they open to standalone projects?**

    SSVEC prefers a solar + storage project, but will also consider standalone projects.

11. **Is there a preference for AC- or DC-coupled solar + battery storage?**

    Given the intended use case is to extend the solar generation, a DC-coupled system is preferred, although it is the developers choice on which they prefer to provide.

12. **Is there a preferred DC:AC ratio?**

    Although there is no preferred DC:AC ratio, the higher the DC:AC ratio, the better.

13. **Will SSVEC consider a small stand-alone BESS without co-location with renewables for the coincident peak reduction? Does SSVEC have any permitted BESS quota from AEPCO for the coincident peak reduction similarly to other members of the AEPCO?**

    SSVEC will consider stand-alone BESS proposals as provided in addition to the solar + storage projects, but is unlikely to proceed with storage only as it will not comply with current ITC requirements. As the Moving Forward Act is not yet passed, it is assumed that only storage may benefit from the ITC when paired with solar.

14. **In regards to system performance, will the solar + storage be called upon at the same time? If so, how will capacity for the entire system be viewed?**

    There solar may still be generating at a reduced level as the battery comes online. Assuming the system is DC-coupled, the entire system capacity would be limited by the size of the inverter.

15. **The RFP states a COD of June 2022, are proposers able to build and COD sooner than this proposed date? If not, can you share what is driving the COD timeline?**

    COD prior to June 2022 would be welcomed by SSVEC.

16. **The RFP lists a buy option for the solar but not the battery, can you provide insight as to why?**

    SSVEC prefers a buy out option for the total project, including the storage and the solar facilities, both at the end of the ITC recapture period and at the end of the PPA and ESSA terms.

17. **Is there any consideration to combine wind and solar on this site for this project?**

    No, for this RFP, SSVEC is considering solar + storage only.

18. **Is there a target MW or MWh offset from the PV or BESS in any time period?**

    No there is no target MW or MWh. SSVECs intentions are to extend the solar generation into the evening when solar irradiance is minimal.

19. **Is there a preference or minimum for how much PV exports on a daily basis?**

    No, there is no minimum export requirement. Please maximize system output.

20. Is the target AC system size defined at the interconnection point or the AC output of the system inverter?

The target system size is defined at the interconnection point.

21. Is reg down a required ancillary service for the storage? This would require charging from the grid, not the PV?

"System Regulation" as stated on page 2 generally refers to regulation of the output of the solar PV system. We agree down regulation service could require charging from the grid and is not a required service for the storage. In general, SSVEC desires to maximize the value of the storage and is interested providing ancillary services to the extent the proposed system permits.

22. What interface is required for the storage for AEPCO and Sulphur Springs: 1) cloud based data view, 2) cloud based bi-directional telemetry, 3) site controller via RTU?

SSVEC requires site controller via RTU for point of interconnection breaker. Cloud based telemetry may be evaluated for other performance data.

23. Can you please define system regulation? Does it refer to regulation services provided to the grid, or regulation of the output of the solar PV system?

"System Regulation" as stated on page 2 generally refers to regulation of the output of the solar PV system. We agree down regulation service could require charging from the grid and is not a required service for the storage. In general, SSVEC desires to maximize the value of the storage and is interested providing ancillary services to the extent the proposed system permits.

24. In the RFP it is stated that the Respondent must provide the estimated PPA price reduction due to the ITC. To be clear, should the proposed PPA rate include this price reduction?

The solar PPA and battery ESSA rates should already include the price reduction due to the ITC.

25. Can a small portion of the 20 MW of come from a new technology, with the remainder being solar?

Solar and storage are the only technologies that will be considered.

26. **Does SSVEC request augmentation to maintain 100% of the project capacities in each year, or would they consider an augmentation schedule that was designed for economic efficiency while relaxing the requirement that 100% capacity is maintained in each year?**

    SSVEC is open to an augmentation schedule that is designed for economic efficiency while relaxing the requirement that 100% capacity be maintained in each year. To be clear, the pricing for augmentation should be provided as an incremental cost to the proposed ESSA rate for the project and is optional.

27. **What threshold of degradation, if any, is acceptable before battery augmentation is desired?**

    SSVEC is open to receiving any optional augmentation plan bidders would like to provide.

28. **What is the desired discharge flexibility (in cycles/day) that SSVEC is requesting?**

    SSVEC is requesting one cycle discharge per day.

29. **Is SSVEC willing to consider solar projects larger than 20 MW?**

    Yes, SSVEC will consider deviations from the 20 MW project size listed in the RFP.

PPA CONTRACT QUESTIONS:

1. **Can the PPA contract be provided to bidders prior to the short-list?**

   No, the PPA contract is still under development and will be provided to short-list bidders in round 2.

2. **Regarding the PPA - RFP states purchaser wants to use sellers PPA and include terms in the PPA, is there a form PPA you would like to use now?**

   No, it is requested that short-list bidders comment on the PPA which is currently under development.

3. **Would you like respondents to provide a form PPA/ESSA with their proposal or just accept the terms outlined in the RFP?**

   Please comment on/accept the terms outlined in the RFP.

4. **Will a development security be required as a part of the PPA? Will an operational security deposit be required after COD? In what amount will this be required?**

Yes, development security and operational security will be required. The amounts will be clarified in Round 2.

5. **What type of information is the SSVEC intending for the responses from the Guaranteeing party (Bid Bond or something else)?**

   The PPA/commercial terms will be addressed further in Round 2.

6. **Should the proposal submission include anything beyond the Technical Proposal Form?**

   Yes. Although the Technical Proposal Form is required as a part of the submission, a typical PDF proposal packet should be provided with the response.

7. **Is the buyout option a requirement of the RFP? For tax equity, if the PPA buyout price is less than the FMV of the system, it's possible that the IRS would view SSVEC as the true tax owner, meaning tax equity investors cannot take the ITC. Can you clarify the mechanisms in place in the PPA to mitigate these issues, or share the PPA so we may confirm our ability to hold to our PPA bid and fully secure financing and tax equity?**

   The buyout option is not a requirement of the RFP, however SSVEC desires developers to provide this option. For purposes of maintaining that the developer is the true tax owner, the higher of a pre-negotiated price, or FMV can be listed as the buy-out price.

8. **Can SSVEC further explain what buyout options/structures it is interested in?**

   SSVEC prefers a buy out option for the total project, including the storage and the solar facilities, both at the end of the ITC recapture period and at the end of the PPA and ESSA terms.

MISC / OTHER:

1. **Could you provide the annual load profile of SSVEC?**

   The annual load profile of SSVEC will be provided in the near future.

2. **What is Sulphur Springs avoided cost of electricity delivered to its distribution members in 2018 and 2019?**

   The avoided cost will not be provided as it is considered to be proprietary.

3. **Could you provide the avoided cost (or PPA price) and capacity payments from SSVECs Generation Provider/Supplier?**

   The avoided cost and capacity payments will not be provided as that information is considered to be proprietary.

4. **The 2020 net metering sale price back to Sulphur Spring is $.05/kWh for 2020? Is this a "de facto" ceiling or floor price for long-term energy sales?**

   This information is considered to be proprietary.

5. **Do you know if there will be an opportunity to meet with SSVEC prior to the short-list announcement to discuss the use-case for the storage facility?**

   There will not be an opportunity to meet with SSVEC prior to the short-list announcement. Any information respondents would like to provide SSVEC should be included within their Round 1 proposal submission.

6. **Could we get the past 3 years of financials (Balance Sheet / Profit & Losses) for SSVEC to evaluate for a PPA?**

   Financials have been posted to the RFP website as a supporting document. Please refer to Attachment L - SSVEC 2019 Audit and Attachment M - 2018 Audit.

7. **Can questions be asked after the deadline?**

   Questions may be asked after the deadline, although there is no guarantee they will be answered. Questions should pertain to clarifications of the Q&A or to new information that was unavailable at the time of the deadline.

8. **Can multiple proposals be submitted?**

   Yes, however in that instance, we ask that bidders include all proposals under one submittal.

AUGUST 18 UPDATES:

1. **Does SSVEC have a demand response program? Is it included in the bidder profile provided?**

   Yes, SSVEC has a demand response program that utilizes control on irrigation motors. Demand response varies by day and month. It can be as low as 1MW in the Winter and as high as 10MW in the Summer, averaging about 5-7MW. The current system provides no estimate for kWh. Demand response is included in the load profile provided.

2. **Is the load profile inclusive of BTM generation?**

   Load data is inclusive of BTM generation. SSVEC has records of approximately 14.9MW (nameplate) generation behind the revenue meter (mostly rooftop solar), and currently has approximately 22MW of grid connected behind-the-meter solar.

3. **Can additional load data be provided?**

   2018 Load data will be added under the supporting documents.

4. **It appears SSVEC is purchasing power from the open market. What node are they making their purchases through?**

   The Palo Verde node is the closest comparison.

5. **In response to question 1 under interconnection questions, from our understanding, we assume that i) inverters, ii) AC collection, and iii) step up to 69kV should be included in bidders PPA costs. All downstream infrastructure after step-up transformation should be included in the stated $1.5M. Can you confirm this understanding of the response?**

   Your assumptions are correct. The inverters, protection equipment and step up to 69kV should all be included in the package for the solar system. The $1.5M is a proxy for the 69kV breaker station that will be the point of interconnection. The bidder will be required to build this station to SSVEC standards. The $1.5M proxy is to eliminate the need to review detailed specifications for this station at this point in the bidding process.