Q&A Related to CECONY and O&R Bulk Energy Storage Request for Proposals

CECONY's and O&R's best thinking is reflected in these answers; the Companies reserve the right to modify these as circumstances develop. Any changes will be clearly posted on this website.

Contents

Preferred Locations

1. Will submissions on sites other than those listed in “Appendix E - Preferred Locations” be accepted? And if so, what are the evaluation criteria?
    a. Yes. Submissions will be accepted for sites other than those listed in Appendix E. All bids will be evaluated using the same qualitative and quantitative criteria listed in the RFP. CECONY does not intend to sign 200 MW or more in contracts located in the preferred locations alone. Therefore, Projects outside of those areas will be strongly considered.

2. Can Bidders propose multiple Commercial Operation Dates (COD) in a single offer in preferred locations or otherwise?
    a. Offer variants such as (but not limited to) payment structure, contract term length, COD, duration, technology, capabilities, location, and Interconnection Point will not be accepted nor considered as a single Offer. If Bidders seek to submit multiple CODs, they should submit multiple Offers. CECONY highlighted the COD that would allow a Project to receive "Preferred Location" status in some locations. Projects whose commencement of operations are proposed beyond that identified date will also be considered but will not receive the same advantage that "Preferred Location" status carries. O&R has no preferred COD dates in specific locations.

Technical Requirements

Introductory Note: The Companies received several questions regarding the interconnection process, service classes, and the responsibility for charging costs. As a general matter, respondents to this RFP must go through the applicable interconnection process as any other Project would. There are two process documents that Bidders can use as reference. It is the responsibility of the Bidder to navigate the relevant processes.

- The Utility Process for Distributed Generation Interconnections is the CECONY process document for Projects that are not interconnecting to the transmission system and are not FERC-jurisdictional.
- This. Grid-Connected Electric Storage System Charges is a guide to CECONY's and O&R's charging and discharging costs for systems greater than 5MW connected to the distribution system that participate in NYISO markets. The Companies suggest Bidders use the guidance in this document when formulating Bidder cost of charging and Offer Prices for distribution connected projects.

Charging Costs

1. What is the meaning of distribution charging energy as specified on page 9, paragraph 3? Does this refer only to auxiliary load?
    a. For distribution connected Projects, Bidders are required to pay all applicable distribution charges. Please see the above document, Term Sheet, and 2021 ESSA.

2. What charges will the Bidder incur for charging the batteries? Will these include standby and buyback charges.
    a. Please see the updated cost of charging document referenced above.

3. How will major structural changes in distribution charging rates be handled?
    a. The Companies will not provide guidance for modeling risks and uncertainties aside from the guidance provided above.

Dispatch Operations

1. Can CECONY specify the interoperability standards and protocols that will be employed to dispatch the battery asset? Is there a SCADA, DERMS or similar specification available?
    a. Section 5.02 and Exhibit G of the 2021 ESSA provide the communication requirements without specifying technologies to be employed in accomplishing these functions. Bidders must also comply with all NYISO and CECONY interconnection requirements.

Distribution Interconnection

1. What resources are available to provide guidance about whether particular distribution interconnected Projects will be subject to FERC jurisdiction or not?
    a. Please see step two of the "Utility Process for Distributed Generation Interconnection" listed above which states: "After contacting dgexpert@coned.com, technical staff from the Utility will contact the applicant to discuss the scope of the interconnection with the potential applicant and advise of next steps to determine if a Project is FERC jurisdictional and where to submit an interconnection application."

2. How should a Bidder plan to physically interconnect to the underground distribution system within the network supplied area for systems >5MW, specifically within the preferred locations noted in Appendix H?
    a. Physical interconnection design will be based on several factors and will be included in the interconnection study. It could range from Low Tension, High Tension on overhead, to High Tension on underground. Some of the specification documents Bidders can review, included in the above guidance document, include the following: EO-2115, EO-10215, and EO-2022.

3. Is there a network supplied area substation map and underground high voltage feeder for connection within the preferred locations noted in Appendix H?
    a. The maps that are available are part of the Hosting Capacity maps found here.

Transmission Interconnection

1. What are the minimum redundancy requirements for interconnecting on the transmission side?
    a. Transmission connected Projects that have not accepted cost allocation are not eligible for this RFP. The NYISO Tariff requires Projects to be interconnected in accordance with Applicable Reliability Standards that include NERC Reliability Standards, NPCC Directories, NYSRC Reliability Rules, and Con Edison's criteria.

2. Is maintaining Black Start Capability in accordance with NYISO rules and procedures a requirement for Projects participating in the RFP? If not, would any revenues collected by a Project for participating in Black Start Capability Service be one of the products taken by CECONY or O&R as part of the ESSA as these revenues are not included in the proposed quantitative score?
    a. The existing NYISO tariff does not permit Energy Storage to be compensated as a Black Start resource.

3. The RFP document states, "For transmission connected projects to be considered viable for this Procurement, they must have accepted cost allocation as part of the NYISO interconnection process." Is the intent that Projects must have accepted a cost allocation prior to submission of a Phase One Proposal on 2/28/23 which effectively limits participation to Projects that completed the 2021 Class Year, a prior Expedited Deliverability Study, or a prior Class Year can participate?
    a. Yes, for transmission connected projects.

Credit Requirements

1. Appendix C5 of the RFP requests at least three years of Audited Financial Statements. If a Bidder has fewer than three years of statements, and is in the process of auditing 2022 financials, will the Company accept assurance of third-party review of capital structure and project financing?
    a. If a Bidder is unable to provide three years of Audited Financial Statements, it should provide all the information it is able to that can support the Companies' evaluation of the Bidder's creditworthiness and financial soundness.

2. Can the Companies provide a list of acceptable banks for providing Letters of Credit?
    a. The Companies have not pre-cleared banks for this purpose. As the Appendix says, "[t]he financial institution providing the letter of credit must be a U.S. commercial bank or a U.S. branch of a foreign bank, having a long term senior unsecured credit rating of at least A- from S&P and A3 from Moody's." Clarifications regarding approved financial institutions can be provided during contracting.

Permits and Safety

1. For Projects not in New York City, does a Certificate of Approval or Letter of No Objection need to be obtained by FDNY?
    a. Projects not in New York City should provide evidence of completed permits as required by the Fire Departments of jurisdictions outside of New York City.

2. How should Bidders interpret the RFP requirement for preliminary title reports dated within six months of the offer submittal date for the land on which the Project and other appurtenances required for the operation and maintenance of the storage facility are located?
    a. This means that Bidders should provide title reports with their offer submissions that are not older than 6 months.

Evaluation Criteria

Distribution Value

1. On page 13 of the RFP in describing the Distribution Benefit, CECONY states "where applicable, a Marginal Cost of Service (MCOS) distribution value will be assigned to Offers based on the proposed Interconnection Point." This suggests that the Distribution Benefit will be determined based on geographic location. This statement in the RFP refers to CECONY's 2013 MCOS filed in Case No. 13-E-0030. Exhibit DAC-3 Schedule 1 in this MCOS details CECONY's System-Weighted T&D Marginal Costs per KW of System Peak. Can CECONY confirm that this section of the MCOS document is the correct reference for MCOS values and if so how does CECONY intend to apply a system wide MCOS value to calculate the Distribution Benefit at specific locations on its distribution grid?
    a. Yes, the section referenced is correct. However, CECONY will not elaborate on how it will apply MCOS values during evaluation.

2. CECONY's 2018 MCOS study calculates average marginal cost by borough and system level. Although not approved for use by the Commission yet, will CECONY use any of the findings from this 2018 MCOS study to determine the Distribution Benefits of Projects based on their location?
    a. The Public Service Commission (PSC) has not yet approved the use of the 2018 MCOS study. The application of MCOS during evaluation will not be further detailed.

3. CECONY's 2020 Distribution System Implementation Plan (DSIP) filed in Case 16-M-0411 on 6/20/2020 states that the Company intends to enhance Marginal Cost of Service (MCOS) studies to allow for more granular identification of high-value areas (p. 177). Will CECONY have any forthcoming enhancements to its MCOS studies prior to the conclusion of the Bulk Storage RFP solicitation that may impact the calculation of Distribution Benefits?
    a. The Companies believe it is unlikely that they will receive further guidance on MCOS studies from the PSC prior to executing contracts for this bulk solicitation round.

4. The 2024 CECONY Dynamic Load Management (DLM) RFP states that Tier 2 Networks and other identified priority networks will be valued at a 140 percent premium versus Tier 1 Networks based on the higher reliability risks these Networks face. Will any of these distribution networks identified in this RFP receive higher Distribution Benefit values in Con Edison's evaluation?
    a. The Bulk Storage RFP does not include references to the set of Tier 2 networks identified in the DLM RFP. The application of MCOS during evaluation will not be further detailed.

5. Is the intent of the RFP to target distribution connected assets over transmission connected assets? If so, how will the Company consider the added benefits of distribution connected systems relative to similar transmission connected solutions?
    a. The RFP is open to both distribution and transmission connected Projects as detailed in the RFP and they are both evaluated using the same methodology. Distribution Benefits are considered as part of the evaluation for distribution connected Projects.

Other Evaluation Criteria

1. Does CECONY have a preference for Projects that can be operational earlier than December 31, 2028?
    a. The primary concern is a viable plan to achieve COD by December 31, 2028 as detailed in section 4.2.2 of the RFP. Demonstrating a viable plan to achieve COD prior to that date would demonstrate Project viability.

2. The 2022 NYISO Reliability Needs Assessment identified that if forecasted demand in New York City increases by as little as 60 MW in 2025, some generation affected by the DEC Peaker Rule may need to remain in service until permanent solutions are completed to maintain a reliable grid. If a Project proposed to achieve the Commercial Operation Date prior to May 1, 2025, would CECONY add the "Reliability Benefit" and the additional Environmental Benefit to the Project's Quantitative Score for avoiding the need to retain in service one or more generation plants otherwise scheduled to retire in 2025 pursuant to the DEC Peaker Rule?
    a. The application of Environmental Benefit during evaluation will not be further detailed. Bidders can describe their views of benefits associated with proposed prospects and ways of quantifying such benefits in the body of their responses.

3. What is the relative weighting of the different Quantitative Factors described in Section 4.1?
    a. All factors are evaluated based on the quantity of benefits they provide based on the component description found in this section.

4. Has the bid price ceiling been raised since the previous bulk storage solicitation because of global inflation and increased lithium and supply chain costs?
    a. While the Companies recognize the challenges storage faces, these factors impact the bid ceiling only to the extent they impact the Quantitative Score found in section 4.1 of the RFP.

General RFP and Drafting Updates

1. The Term Sheet does not mention Bidders being required to share benefits from the Investment Tax Credit (ITC) for storage that is part of the federal Inflation Reduction Act (IRA)? Will Bidders be required to share Economic Benefits from the ITC with the Companies as described in section 3.06 b of the 2021 ESSA?
    a. No, Bidders will not be required to share ITC benefits under the IRA with the Companies. Competitive Bidders should reflect their collection of the ITC by reducing the Offer Price.

2. CECONY states that the Services Agreement will be for a term of "up to fifteen years." Is there a minimum number of years CECONY is willing to accept or a preferred contract duration?
    a. No

3. Are Bidders required to pay both an Offer Fee to the Companies and an application fee as part of the NYISO interconnection requirements?
    a. The Offer Fee is intended to contribute to CECONY and O&R's administrative costs to assemble, review, prioritize, and award Offers to Bidders. Offer Fees are also intended to reflect the Bidder's commitment to prepare thorough, competitive Offers. The Offer Fee associated with bid submission for evaluation is separate from any NYISO fees.

4. The 2021 RFP draft Energy Storage Services Agreement defines Ancillary Services to include Regulation Service. However, the 2022 RFP defines Ancillary Services Value as projected revenue from participation in 10-minute and 30-minute Operating Reserves. Does CECONY want Bidders to assume Regulation Service is part of the Product? If so, are the projected revenues from regulation service included in the Ancillary Services Value?
    a. Yes, Bidders should assume regulation services is part of the Project regardless of the size of its portion of anticipated revenues.

5. Can the Company grant an extension for Phase 1 submissions to March 30, 2023?
    a. The Companies notified the market on July 8, 2022 of their intent to release a solicitation in Q4 of 2022 and that the materials collected via the RFP process would largely resemble our 2021 RFP. Due to the advanced notice provided in July and the fact that much of Phase 1 is non-binding, the Companies will not be extending the Phase 1 submission deadline.

6. Can you please clarify the requirement for a maximum 2800 of MWh Throughput per MW per year of Dispatchable Capacity maintained requirement?
    a. 2,800 MWh is intended to be the Throughput requirement for having a four-hour battery with 350 full charging and discharging cycles of Dispatchable Capacity. The product of 350 MW, 4 hours and two-way bi-direction cycles is 2,800 MWh.

7. What level of deployment is considered sufficient to demonstrate experience in deploying the proposed technology at scale, can this include Project that are presently in development?
    a. This requirement is intended to mean Projects that have reached commercial operation.

Term Sheet and Contracting

Introductory Note: CECONY and O&R will release the CECONY and O&R Energy Storage Services Agreements, respectively, for the 2022 RFP by the beginning of Phase Two (i.e., on or about March 31, 2023). The Term Sheet for this 2022 RFP can be found in Appendix D4. Those terms will be incorporated into the 2022 Agreement, which will be similar to the 2021 Agreement. For a general understanding of the Agreement and to reference Exhibit A definitions during Phase One, please refer to the 2021 Agreement found here: https://www.coned.com/en/business-partners/business-opportunities/bulk-energy-storage-request-for-proposals/archive.

While the Companies provide the 2021 ESSA for general reference, they will not be addressing potential issues with the 2021 ESSA and won't be making clarifications. Should a Bidder progress to Phase Two, they will be invited to review the 2022 ESSA and make redlines. For those that made suggestions for changes to the Term Sheet, those questions are not included below and should be included in their redlines to the Term Sheet.

As implied by having a Term Sheet issues matrix, the Companies will evaluate comments to the Term Sheet during the evaluation period. Preference, however, will be given to Offers that most closely adhere to the Agreement to ensure timely execution of the Agreement and the Guaranteed Commissioning Date. Evaluations of offers will be inclusive of the Bidder's proposed terms including proposed modifications.

NYSERDA Related questions

1. With the release of the new NYSERDA Storage Road Map, how does the Index Storage Credit relate to revenue modelling and contracts offered through the Companies' RFPs?
    a. The Companies are conducting this solicitation separately from any NYSERDA Index Storage Credit solicitation and contracts contingent on selection or non-selection by NYSERDA for the Index Storage Credit will not be considered.

2. NYSERDA is expected to issue an RFP later this year or next year for energy storage. Can a Project be bid into NYSERDA's procurement when the Con Edison contract expires, and a Project is acting as a merchant generator?
    a. Specific questions regarding a potential NYSERDA contract should be directed to NYSERDA.

3. Can the REC adder for offshore wind industry be added after the contract execution?
    a. Developers are to provide their best Offer Price for a scheduling and dispatch rights contract. Specific questions regarding NYSERDA contract should be directed to NYSERDA.

4. In the event the Joint Utilities petition extending the Maximum Term Length to 15 years is accepted by the NY PSC, will the term of the NYSERDA Incentive Agreement Term also be extended to 15 years along with NYSERDA's Energy Storage System Warranty coverage?

    a. NYSERDA is committed to comply with the Commission directives applicable to the NYSERDA contract. While NYSERDA plans to make every effort to maintain consistency with Con Edison’s contract, specific questions regarding NYSERDA contract should be directed to NYSERDA.

Price Indexing

1. Will Con Edison allow for price renegotiations after contract signings if there have been unforeseen cost increases? What about mechanisms that account for possible commodity price shifts?
    a. The Companies' Term Sheet does not contemplate such price renegotiations. While the Companies acknowledge recent component price volatility, they operate within a regulatory construct that does not allow them to pay over the bid ceiling. While a price reopener is theoretically possible, it could only be operational if the base Offer Price is lower than the bid ceiling and the Bidder provides a sensitivity analysis for how the component’s price impacts the Offer Price.

Contract and Term Sheet Terms

1. What type of Letter of Credit is required and when is posting required?
    a. Please see the Term Sheet section "Owner Credit Support". Additionally, an example Letter of Credit is in Exhibit K of the 2021 ESSA.

2. What happens to the allowance for 2028 Commercial Operations Dates in the event the Joint Utilities petition is rejected?
    a. Section 1.3 of the RFP describes how the Companies might respond if the petition is fully or partially rejected. Should the Commission deny the Joint Utilities’ request in whole or in part, the Companies may require those Bidders whose bids had incorporated the rejected terms to submit revised bids with terms consistent with the Commission’s order. The Companies cannot contract for terms that are not approved, so nonconforming bids would be "non-binding" and the Companies may ask those Bidders with non-conforming bids to resubmit with revised terms.

       Stakeholders are still able to provide comments on the petition.