

**2024 Request for Proposals for Off Island Capacity
Questions & Answers**

Last updated: March 18, 2024

Questions received as of February 14, 2024:

1. **Potential respondents should consider starting the process early to obtain a Vendor Identification Number.**

It is recommended that potential Respondents to the RFP start the process of obtaining a Vendor Identification Number right away, as this process can sometimes take some time. There is no cost to obtain a Vendor Identification Number. A phone number and an email address for the OSC's Help Desk are provided in the RFP.

2. **On an SRE event, is the NYISO calling the energy on a kW level, or would there be considerations for transmission lines scheduling requirements? Could you elaborate on any adjustments that may occur because a unit [energy] must go through a transmission line rather than being directly on-island [in Long Island]?**

The way that external units are generally called for [in an SRE event] is that – if a unit is already online, for example, in New England, at the energy level associated with its committed ICAP, the unit essentially has met the SRE requirement. If the unit is not online in New England, then the unit is required to come online at the level that the NYISO has requested and subsequently confirm to the NYISO that the unit is, in fact, operational.

As far as transmission constraints when there is an external call, the NYISO is looking for the flow across the DC controllable tie (i.e., in this case, the Cross Sound Cable). As long as the energy is flowing at the level commensurable with [the unit's] ICAP commitment and the unit is verified to be online in New England, the unit would have met the SRE call by the NYISO.

3. **Are there any questions regarding the process for qualifying as a resource in the NYISO?**

As a recap, the NYISO requires that a unit is registered in NY for the [relevant] capability periods. In addition to the registration, DMNC test data and availability/EFORD data need to be submitted [to the NYISO], and that usually takes place in the August / September to February timeframe prior to the beginning of the Summer Capability period in NY, which begins May 1st.

If a unit has commitments to New England through their forward auctions, there would also be a requirement to buy out of those positions. That should be clearly stated in any proposal that is submitted in our RFP.

Another thing to consider is the location of the unit. The unit must be in a region or zone that has been approved for export in New England and for import in New York for the capability year the unit is offering.

For each forward auction that New England runs, they also do a study of constrained zones. There are some zones in New England that could potentially be reclassified in a capability year or auction year as being constrained or not constrained. It is important that if you have a unit that is in one of those zones, you make sure that the study that was done in New England for the year that you are proposing to supply NY allows that unit to export from the New England area to New York.

4. **A minimum of 25 MWs was established in the RFP. Would there be any consideration for a non-confirming proposal for a smaller quantity (e.g., 10 MWs, 15 MWs, or 20 MWs in size)?**

No. PSEG LI/LIPA are trying to create an RFP that we can manage. PSEG LI/LIPA were concerned that if we received a lot of smaller generator proposals, the process (which requires obtaining approvals from the LIPA Board of Trustees, the NYS Office of State Comptroller, and the NYS Attorney General, as well as the negotiation of contracts) will be too lengthy. PSEG LI/LIPA are working on a very tight deadline – for example, we have to inform the NYISO in July whether we are going to supply capacity across the Cross Sound Cable or not.

The 25 MW minimum Capacity was an acceptable size, which represents larger types of generators. At this time, PSEG LI/LIPA are not looking to change the minimum size requirement.

5. **Additional Information: There are some minor differences when exporting energy across a DC controllable cable vs. via other AC channels in NY.**

There are some minor differences when exporting energy across a DC controllable tie. The way that units are classified and the way that capacity would count are a bit different. For example, when [energy] goes through a DC controllable tie, it is paired with LIPA's Unforced Capacity Deliverability Rights (UDRs), which they receive for that tie, and it is presented to the NYISO as a package of UDRs as backed by external capacity.

Additional questions received as of February 28, 2024:

6. **During the webinar and in the RFP, you indicated that SRE requests are unlikely. Could you please provide the number of SRE requests and the MWh requested for the last 3 years?**

NYISO has not requested SRE (from ISO NE) within the last 5 years.

7. **Could you please clarify whether the energy needs to be delivered to the Delivery Point to comply with a NYISO SRE? I believe that, during the webinar, it was mentioned that the resource is in compliance with an SRE if it is generating in ISO-NE at the required MWs at the time of the SRE.**

Delivery of such energy to the Delivery Point during an SRE call would not be a responsibility of the Resource itself. The resource will be in compliance with the SRE call by satisfying the following:

- a) The Resource is already on-line at the time of the SRE call, generating the installed capacity equivalent energy in ISO-NE, and there is equivalent energy verified to be flowing across the Cross Sound Cable. The third requirement would be met by LIPA/PSEG LI by way of scheduling an energy transaction with the Resource. If at that time there is already energy being imported into Long Island across the Cross Sound Cable, it will then be an energy exchange. If not, in scheduling said energy transaction with the Resource, LIPA/PSEG LI would be making a transmission request to move energy from NE to Long Island, ISO NE would accept the transmission request and would allow the energy to flow through Cross Sound Cable into Long Island.
- b) If the Resource is offline at the time of the SRE call, they will come on-line and meet rest of the provisions explained above.

Regarding the deliverability of energy to the Delivery Point, this will have been verified while registering the Resource with NYISO and qualifying as an external installed capacity supplier. (Of note: as captured in the RFP section 6.3.7.5 and in the CPA section 3.15, it will be the Respondent's action to register with the NYISO as an External Installed Capacity Supplier and comply with the requirements. PSEG LI can assist.)

8. **Could you please confirm that the Seller would not have an obligation to bid into NYISO's DAM?**

That is correct. LIPA / PSEG LI will be responsible for procuring (from the ISO-NE energy market) and offering the installed capacity equivalent energy into NYISO's DAM.

Additional questions received as of March 18, 2024:

9. **When do you expect to execute the CPA? We recognize that it would not be effective until all approvals outlined in the RFP are obtained.**

We are targeting the May LIPA Board meeting currently scheduled for 5/22/24. We will be presenting our recommendations and asking the Board to execute the selected CPA(s) there. It may take a day or two for the LIPA leadership team to formally sign the selected CPA(s)

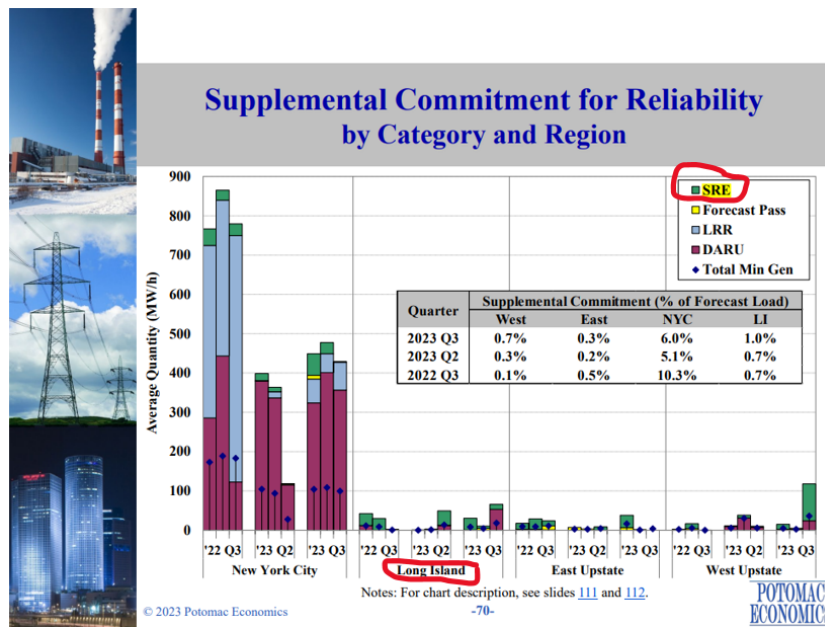
10. **Could you please confirm whether the contract capacity per the CPA is equal to the installed capacity or the unforced capacity? For example, assuming 100MWs of installed capacity and an EFORD of 10%, is the contract capacity 90MW? How does the answer change if the MWs sold only reflect a portion of the resource's total capacity?**

Contract Capacity sought per the CPA is the Unforced Capacity (UCAP). The example math is correct, but please review Section 4.2 of the NYISO ICAP Manual and Section 5.12.8 of the NYISO Market Administration and Control Area Services Tariff ("MST") to see how said 100 MWs of ICAP in this example is calculated/qualified (DMNC data plays into it).

The markets in NY clear in UCAP, however, we seek units with high levels of availability (historically) and factor that into our overall evaluation process for proposals. The RFP is expressed in ICAP MWs which includes the maximum capability (345 MW) that we can import across our Cross Sound Cable Tie Line. Partial sales still require offers based on ICAP and unit availability factors, i.e., the UCAP value.

11. **Please see below the excerpt from the EMM report [nyiso.com]. What do these SREs represent? Are these SREs in which NYISO requested resources from Long Island to run?**

The chart appears to show SRE requests for Long Island. We are not aware of any SRE Calls for external resources across the Cross Sound Cable by NYISO in recent history.



12. Which ISO-NE LMP would be used for the determination of the SRE Energy Monthly Payment under the CPA? We believe that it would be .I.SHOREHAM 138 99. Could you please confirm?

From the NYISO Market Administration and Control Area Services Tariff (MST) Section 4.1.8:

External Installed Capacity Suppliers that respond to an SRE request are eligible to recover the ISO-verified costs they incur to respond to the SRE request to the extent such costs exceed the ISO-verified market revenues the External Installed Capacity Supplier receives. It is the obligation of the External Installed Capacity Supplier to demonstrate its costs and revenues to the ISO's satisfaction. In verifying the costs of External Installed Capacity Suppliers that respond to an SRE, the ISO will consider the incremental net costs the Market Party incurred to respond to the SRE. Recoverable costs could include, but are not limited to, incremental costs of generating to supply Energy using the requested Installed Capacity, and the incremental costs incurred by the Market Party to transmit Energy from the External Installed Capacity Supplier's resource to the NYCA, including the opportunity cost associated with lost expected revenue.

In simpler terms, in that SRE call scenario, the plant would be called on to generate and would be paid the LBMP at their generation bus by ISO-NE. If in the very rare scenario where the Seller's generation cost at that time is greater than this LBMP (the Seller has to demonstrate & provide documentation), the Seller will be made

whole by the Buyer barring NYISO's approval of said documentation (as noted in Sect 3.2.2 of the CPA).

13. How would a change in capacity accreditation resulting from NYISO's ongoing resource adequacy efforts [be] handled under the CPA?

Currently, the accreditation factors for Fossil units are set at 100% for the upcoming capability year. Accreditation is based on unit classification, calculated annually and is anticipated to apply uniformly to all evaluated proposals. Compensation will be based on unit availability factors and threshold levels established during contract discussions.

14. To the extent a positive Capacity Performance Payment is made to the Project pursuant to the ISO-NE and NYISO Rules, can you describe how the credits that LIPA would be entitled to are calculated? Particularly in a situation where only a portion of the unit is contracted to LIPA.

LIPA would be entitled to only the Contract Capacity portion for which the Capacity Performance Payment would be applied to (by the ISO-NE). As an example, if the Contract Capacity was 50MWs, but the unit was receiving a Capacity Performance Payment for its 100MWs, LIPA then would be entitled to 50% of said payment.

15. Will the unit be registered in the NYISO under the LIPA NYISO Account? In this case, will the respondent be required to provide LIPA with all information to qualify the unit in their account, or will the respondent need to qualify the unit on their own?

If the supplier is not a Market Participant in NYISO, then PSEG LI (acting on behalf of LIPA) would do the registration on the supplier's behalf with the NYISO. The supplier will need to provide all pertinent information. (See RFP Section 6.3.7.5)

16. Is LIPA contracting ISO-NE ICAP or NYISO ICAP from the unit?

LIPA will be purchasing Capacity qualified per the NYISO rules and regulations.

17. Can a Respondent submit a tiered pricing structure at multiple MW levels (e.g. 25 MW at \$5, then 25 additional MW at \$6)?

Yes

Or would they be required to submit multiple Non-Mutually Exclusive proposals?

No