

Monterey Bay Community Power Microgrid SmartConnect Program

Customer Application

MGA-01-001

Responses to Questions

Date Posted: 5/13/19

1. Will MBCP be the owner of the microgrid(s)? Yes

a. If yes, how will the agency pay?

The agency is positioned to use its balance sheet for funding projects under consideration.

b. If yes, then the contracting for design/build is with the agency?

No, the contracting design/build will be the contract awarded after the "Site Host" has been selected and the Engineering-Procurement-Construction (Design/Build) Contractor lump sum proposal has been accepted.

2. Since you are in an agricultural area, what other options for generation is he agency considering?

The agency is considering all forms of energy to supply the needed demand of the site. There is a necessary component of renewable energy that has to be incorporated. An optimized solution with multiple components will be preferred in the selection process.

3. As the grids also support commercial operations, are you looking for 24/7 grid service availability?

This will be dependent on facility need however the microgrid will be designed to facilitate 24/7 power plus redundant supply.

4. Are you seeking the single best qualified contractor, or are you seeking to pool eligible contractors, who will then propose on identified projects?

We are seeking to pool eligible contractors who will then propose on identified projects.

5. Will the agency be handling the ongoing M&O for the microgrid?

Yes, MBCP is assuming ownership including the O&M contracting for the facility.

6. June 7th is the anticipated RFQ release date, when is it due?

The anticipated deadline for the Microgrid Project Proposal is July 26, 2019.

7. What is the anticipated selection, contract negotiation and mobilization for construction timeframes?

Selection of proposed project will be made in August; contract negotiation will be completed in the August-Sept. timeframe and mobilization or Notice to Proceed will be upon successful completion of contract negotiation planned for Sept.-Oct.

8. How long is the anticipated customer contract? (“Willing to enter into a long-term microgrid contract/service agreement with MBCP”)

The minimum anticipated power sales contract term is 5 years; the final contract term will be determined based on project economics.

9. Can you please clarify if the full 50% will be refunded and the variable is simply the timeframe of 5 to 10 years? (“Applicants, who are selected, must be willing to invest up to 50 percent upfront for the projected cost of the microgrid as development security that will be refunded over 5 to 10 years, subject to the difference between actual and forecasted growth of demand.”)

The full 50% will be refunded, subject to the site host meeting its forecasted growth of demand; MBCP expects to reimburse the customer in 20% increments annually following the fiscal year in which the microgrid is commissioned.

10. What is the anticipated SmartConnect electric rate?

MBCP is designing a SmartConnect rate structure for this program with two components:

1. Fixed microgrid subscription (\$/time period) – Recovering capital and fixed operations and maintenance (O&M) costs provided by MBCP.
2. Variable energy charge (\$/kWh) – Recovering variable fuel and O&M costs.

The specific subscription amount and \$/kWh charges will be determined based on project economics.

11. Does MBCP establish retail rates at their sole discretion? If so, are they based on specific project economics as well as otherwise applicable utility rates or some other rate design methodology?

MBCP will establish the SmartConnect rate for microgrid projects as described in the answer to Question #3, above. The specific retail rate will be determined based on project economics, independent of any otherwise applicable utility rate.

12. In terms of Expected Cost provided in the table in section C, presumably the actual cost will be a function of DER type, complexity and scope of work. Using the methodology in the NREL report provided, can we assume expected cost ranges as provided by NREL for different segments as applicable? For example, “Commercial/Industrial” cost range as provided on table ES-1 in the NREL report:

Table ES-1. Market Segment IQR and Mean Normalized Microgrid Costs in \$/MW

Segment	IQR	Mean
Campus/Institutional	\$4,936,109–\$2,472,849	\$3,338,666
Commercial/Industrial	\$5,353,825–\$3,399,162	\$4,079,428
Community	\$3,334,788–\$1,430,805	\$2,119,908
Utility	\$3,219,804–\$2,323,800	\$2,548,080

The NREL data table provided in the application shows approximate microgrid project cost ranges as a useful reference, not to estimate actual costs for MBCP SmartConnect projects. We understand that each project is different in complexity and scope, which will affect specific project costs.

13. Will projects be accepted where the scope of work is contributing DER assets that either a) build on to an existing microgrid (e.g., adding batteries and smart microgrid controls) and/or b) add certain DER assets that tie together existing generation and infrastructure to form a microgrid?

Yes, both above-mentioned opportunities are acceptable candidates for the SmartConnect microgrid program.

14. Can the “Site Host” be different than the “Customer”? For example, in the case of a multi-tenant industrial development where there are multiple Customer Facilities served by the single microgrid.

Yes, the microgrid may serve multiple customers at a single contiguous site.

15. Are we limited to optimizing the microgrid for the host customer load or can we explore sizing the microgrid for the host plus neighboring loads?

For the first round of the SmartConnect program, the microgrid should be optimized for a single site host’s electric load (although it may serve multiple customers on the same site).

16. What if we have already identified an EPC and have designed a microgrid optimized for the customer operations?

This will be a competitive bidding process for EPCs. Customers/Site Hosts who have already identified an EPC should encourage that EPC to apply, but they are not guaranteed to be selected.

17. Can the Site Host be involved in the selection of the EPC contractor? Or use a preferred qualified EPC? Or not use one they don't approve?

MBCP will select the EPC through the competitive bidding process. The Customer/Site Host is expected to pay the 1% (estimated) deposit upon acceptance to the SmartConnect program and participation in the RFP solicitation; however, this is not a binding commitment to go forward with the EPC selected by MBCP. All parties may decline to sign a final contract for a proposed microgrid project.

18. Will the Site Host have an option to purchase the microgrid assets located on their site subject to tax recapture and other project finance constraints that MBCP might have?

MBCP is open to negotiating the ownership structure for the microgrid assets under the long-term agreement with the Customer/Site Host. This may be explored while negotiating contract terms.

19. How will the customer investment of funds be structured? Is there an opportunity for the site host investment be structured as tax equity?

MBCP intends to remain the ultimate owner of the microgrid project but is open to negotiating tax equity issues associated with it. We are willing to consider various contractual relationships such as sale-leaseback or partnership structures.

20. Who owns the incentives and environmental attributes?

Environmental attributes of the project will be held by MBCP.

21. Can applications be submitted confidentially such that site specific information is not shared publicly?

In order to obtain the most cost competitive proposals MBCP desires to disclose as much info as possible so that offers received are economically feasible. However, we are willing to discuss with the selected site host(s) what information is to not be disclosed.

22. Who can we discuss this with in more detail on the MBCP team?

Questions about the Microgrid SmartConnect Program should be submitted to:

SmartConnect@mbcommunitypower.org.

All Questions and Answers will be posted to MBCP's Microgrid SmartConnect webpage at the following link:

<https://www.mbcommunitypower.org/solicitations/>