

Case No. 9214 Questions received after presentation 10/21/11

1. Question: With regard to the good environmental performance, one of the questions I have is related to dual fuel. This (RFP) does specify gas; however certain sites are constrained sometimes because of the gas system and in certain situations, to remain reliable, would require a backup fuel. Will there be any consideration for oil backup as needed to ensure reliably when gas may be constrained?

Answer: We are not prohibiting dual fuel use with the consideration that the primary fuel source must be gas. Those submitting proposals need to consider whether dual fuel use gives them the best chance to provide the capacity and reliability that they want to provide at the lowest cost to provide it. As proposals are evaluated, any environmental issues associated with the secondary fuel may be factored into the non price evaluation. Bidders should provide solutions that reflect their creativity and expertise and that will enhance their chance of being favorably scored against the competition.

2. Question: Since there are multiple EDCs, how should the Confidentiality/Non-disclosure Agreement (NDA) be completed?

Answer: The NDA should be completed and signed by the bidder with the EDC line left blank and submitted with the other eligibility documents. If the bid is awarded, the agreement can be executed by the EDC.

3. Question: Is there any opportunities to make minor fixes to the agreement that would be acceptable?

Answer: Proposed changes to documents may be made and should be clearly identified. However, proposed modifications that result in material changes to the contract or that shift risks to ratepayers are strongly discouraged. If changes are non-material, the Commission will consider them during the evaluation process. The Commission reserves the right to reject bids that do not conform to the RFP.

4. Question: Eligibility documents, per the updated schedule, are due January 6, 2012. In order to prepare a proposal for this RFP, bidders will spend hundreds of thousands of dollars to respond and in January find out that you are not eligible to put your number on the table. Is it possible to accelerate the due date for the eligibility documents? By finding out earlier if you are not eligible, the not eligible bidder can save time, effort and money by stopping the process. Could the eligibility documents due date be moved up to some time in November, 2011?

Answer: Although the deadline for eligibility documents will remain as January 6, 2012, bidders may submit eligibility documents at any time prior to that deadline. The commission will issue respondents eligibility status within ten business days after submittal but no later than January 13, 2012. Bidders are encouraged to ask questions

prior to submitting the eligibility documents if they have any doubts on whether a proposed change could potentially disqualify them. They should submit questions to the Procurement Officer (Dolline Serra.)

5. Question: Is attachment 6 (Binding Offer Agreement) meant to be part of the eligibility documents?

Answer: Yes. It is one of the eligibility documents.

9. Question: The final shortlist will be analyzed through production cost modeling using PROMOD IV. In order to evaluate everyone's proposal on an NPV basis it seems that capacity factor is a huge factor. As an example, consider a new plant built on Pratt Street and one built in the most western border of SWMAAC that have equal economic proposals. One would think that the capacity factor of downtown Baltimore is different that the outer reaches of SWMAAC. How will PROMOD IV adjust for a capacity factor that would likely be different for both projects and dramatically impact the evaluated dollar per MWh? It obviously changes the number of MWh in the denominator and reduces the price.

Answer: The location of the plant will be considered in the evaluation of the proposal/bid.

10. Question: PROMOD IV can figure out that level of distinction (value of energy and capacity versus location)?

Answer: Yes. PROMOD IV can figure out that certain locations have more value than others.

11. Question: What level of completeness does one need to have with the PJM interconnection queue process before a contract is signed?

Answer: Your proposal has to demonstrate where you are in the interconnection process and that you are far enough to be able to complete the project as scheduled.

12. Question: Another topic that is addressed in the RFP is ancillary services within PJM. Within the forms, I could not locate anything that says anything about ancillary service as part of the bid submittal or bid evaluation. How will a project with very high ancillary service capability be evaluated compared to any other proposal?

Answer: Ancillary service revenue is not part of the contract for differences. The revenue derived from ancillary services accrues to the bidder and should be used to reduce the bid cost.

14. Question: Attachment 7, Part C. If each bidder is guaranteeing a certain capacity payment why do you need a detailed cost breakdown?

Answer: It is to ensure that the project is well thought out, well planned and is from a bidder who is serious. It is more for a non-price score than a price score.

15. Question: You will receive pricing proposals that will be part of a contract that an EDC will sign. What role will the EDC have in the evaluation of the bids? Will the EDC have any involvement in any negotiations concerning the bids? Will the EDC be privy to any of the pricing?

Answer: The EDC(s) will not be involved in analyzing the bids. That will be done by the Commission ONLY. The Commission will then direct the EDCs to enter into a contract for difference with the winning bidder(s).

16. Question: Is the Commission hearing on January 31, 2012 driving the due dates?

Answer: No. The driving date is the May 2012 BRA for those plants that will be in service for 2015- 2016.

17. Question: At the January hearing, will one of the topics be the magnitude of the generation capacity required?

Answer: The January 31, 2012 hearing will address both whether is there a need for additional generation for reliability and if yes, how much?