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PUBLIC SERVICE COMMISSION

May 29, 2014

Re: PSC #02-19-14 Offshore Wind Analyses and Application Review
Amendment No. 3 Questions and Answers

To Whom It May Concern:

This amendment is being issued to answer questions that have been received.

Questions pertaining to Section 3.2.1

Q1. Does the PSC have an estimate on the number of interconnections to be evaluated in Section 3.2.1 A?

A1. The Commission is soliciting a contractor to provide recommendations on several parameters in the assessment of whether Direct Connection Attachment Facility transmission upgrades are needed, as outlined by the scope of work and detailed in § 3.2.1(A)(1). One parameter in this assessment will be considering which substations located on the Delmarva Peninsula may serve as an advantageous interconnection point for a Qualified Offshore Wind Project. This assessment is limited by the authorizing statute (see Public Utilities Article § 7-701 *et seq.*), which requires a potential offshore wind project to interconnect at a point located on the Delmarva Peninsula. The Commission is aware of at least three potentially applicable substations on the Delmarva Peninsula, but the Contractor is tasked with discussing this information with the local transmission owner.

Q2. Are all Qualified Offshore Wind Projects to be evaluated for interconnection requirements?

A2. The objective of § 3.2.1 is to estimate whether Direct Connection Attachment facility transmission upgrades may be necessary based on parameters representative of a plausible, hypothetical offshore wind project, and if so, the associated costs of such upgrades. The estimate may be used as a proxy by applicants when submitting an application for a proposed offshore wind project. Designing, constructing, and operating the offshore wind farm and the interconnection of the project to the existing grid operated by the PJM Interconnection is the responsibility of the applicant(s).

Q3. Does the PSC have or recommend cost estimating tool(s) for Section 3.2.1 B?

A3. No. The Commission is soliciting a contractor to assist with developing a cost estimate for any Direct Connection Attachment Facility transmission upgrades identified by the Contractor in Scope §3.2.1(A).

Q4. What is the definition of Qualified Offshore Wind Project for the purposes of evaluating the project for interconnection requirements and costs?

A4. “Qualified Offshore Wind Project” is defined by the authorizing statute, Public Utilities Article § 7-701 (k), as follows:

“Qualified offshore wind project” means a wind turbine electricity generation facility, including the associated transmission-related interconnection facilities and equipment, that: (1) is located on the outer continental shelf of the Atlantic Ocean in an area that: (i) the United States Department of the Interior designates for leasing after coordination and consultation with the State in accordance with § 388(a) of the Energy Policy Act of 2005; and (ii) is between 10 and 30 miles off the coast of the State; (2) interconnects to the PJM Interconnection grid at a point located on the Delmarva Peninsula; and (3) the Commission approves under § 7-704.1 of this subtitle.

Q5. Does this section apply to a generic Qualified Offshore Wind Project (“QOWP”) of various capacities, or does it involve reviewing actual QOWP applications? If the latter, what are the expected number and maximum number of QOWP applications?

A5. RFP Scope § 3.2.1 involves advising the Commission on parameters representative of a plausible, generic offshore wind project that satisfies the statutory definition in Public Utilities Article § 7-701(k) of a “Qualified Offshore Wind Project.”

Q6. Who will be responsible for making interconnection request with PJM and responsible for the upfront deposits?

A6. Designing, constructing, and operating the offshore wind farm and the interconnection of the project to the existing grid operated by the PJM Interconnection is the responsibility of the applicant(s).

Q7. For these interconnection requests, is the expectation to perform Feasibility and Impact studies?

A7. The Commission is soliciting a contractor to assist with developing a cost estimate for any potential Direct Connection Attachment Facility transmission upgrades identified by the Contractor in Scope §3.2.1(A). In order to accomplish this scope of work, it may be necessary for the contractor to perform its own feasibility and impact studies using the hypothetical offshore wind project developed with the Commission in scope §3.2.1(A).

Questions pertaining to Section 3.3.2

Q1. Part A, B, and C deal with the applications review of the proposed projects. Section C1a, b, and d cannot be completed without knowing interconnection requirements and costs for the project. Do sections C1a, b, and d assume that the applicants would already have performed interconnection requirements and associated costs to perform items specified therein? If no, then shall the offeror to this RFP develop those requirements and costs?

A1. The authorizing statute, Public Utilities Article § 7-704.1(C), requires an application to include, among other things, a detailed description and financial analysis of the offshore wind project and a proposed OREC pricing schedule for the offshore wind project that sets a price for the generation attributes. If the applicant is proposing recovery for interconnection and transmission upgrade costs via the OREC mechanism, the applicant's proposed OREC pricing schedule must account for projected interconnection and Direct Connection Attachment Facility transmission upgrade costs (if any). The Commission has issued RFP Scope § 3.2.1 to estimate the need for Direct Connection Attachment Facility transmission upgrades and associated costs. An applicant may utilize the proxy estimated by the Commission's consultant in Scope § 3.2.1 for Direct Connection Attachment Facility transmission upgrade costs (if any), or the applicant may generate their own estimate for inclusion in the proposed OREC pricing schedule.

Q2. What are the expected number and maximum number of QOWP applications?

A2. There is no maximum number of QOWP applications and the Federal Bureau of Ocean Energy Management has issued a proposal to auction two leases offshore Maryland for commercial wind energy development.

Q3. What is the sequence of major milestones and anticipated schedule for the whole project? (i.e.: NTP, Transmission Upgrades [3.2.1], Application Period, Evaluation [3.2.2], Hearing and Follow-up). Especially what is the anticipated timing and duration of the Application Period?

A3. (a) The contractor shall work with the Commission on Scope § 3.2.1 (transmission upgrades) within three (3) months of this contract award date.

(b) The contractor shall perform several pre-application tasks described in Scope § 3.2.2(B) within thirty (30) days of the contract award date.

(c) As described by the authorizing statute in Public Utilities Article § 7-704.1(A)(1), a person may submit an application to the Commission for approval of a proposed offshore wind project after the effective date of the Commission regulations implementing the Maryland Offshore Wind Energy Act.

(d) Upon receipt of an administratively complete application (*see* RFP Scope § 3.2.2(C) or Public Utilities Article § 7-704.1(C)), the Commission will open an application period establishing a time during which other persons may submit applications. The closing date of the application period shall be 180 calendar days after the Commission issues the notice opening the application period. The Commission may extend the closing date of the application period by one or more additional periods of 30 calendar days.

i. There are two interim reports due to the Commission following the close of the application period, detailed in Scope § 3.2.2(C). The administrative completeness interim report is due within fourteen (14) business days, and the minimum threshold criteria report is due within twenty-one (21) business days following the close of the application period.

(e) Following the close of the application period, and unless extended by mutual consent of the parties, the Commission must issue its decision pertaining to the application(s) within 180 days after the close of the application period. The evaluation, hearing, and potential follow-up outlined in Scope § 3.2.2(D) and (E) must occur within this 180 day timeframe.

If you have questions concerning this amendment please follow the instructions for questions contained in the RFP Section 1.9.

Sincerely,

/s/ Doline Mooney Serra

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