

Met-Ed/Penelec/Penn Power/West Penn Power SPAEC RFP Frequently Asked Questions - General

<u>FAQ#</u>	<u>Date of Posting</u>	<u>Question / Answer</u>
001	9/21/2017	Question: Can the information session be attended via webinar and how can companies register?
		Answer: The Bidder Information Session on September 27, 2017 will be held online through a webinar. Companies that have sent their contact information to the pa-spaec-rfp-2017@brattle.com will receive information regarding how to attend the webinar by email from the Independent Evaluator (close to the session date).
002	9/21/2017	Question: Are there restrictions regarding when the solar systems were installed?
		Answer: No. Any SPAECs generated in the applicable Reporting Year may be used, as long as they comply with the supplier obligations under the RFP, which can be found in Section I.3 of the RFP Rules at https://www.firstenergycorp.com/upp/pa/rec_procurements/spaec2017/supplier-documents.html
003	9/21/2017	Question: Is the procurement for generation from the June 1, 2017 to May 31, 2019 or may older generation be used?
		Answer: The SPAECs must be generated in the applicable Reporting Year. The Reporting Year is defined in Appendix 1 as “the year in which May 31 of the twelve month period beginning June 1 and ending May 31 occurs (e.g., the Reporting Period 2018 refers to the period from June 1, 2017 through May 31, 2018).” Additional details on the delivery of the product by the SPAEC supplier can be found in Section 3.2 of Appendix 1 at https://www.firstenergycorp.com/upp/pa/rec_procurements/spaec2017/supplier-documents.html
004	9/21/2017	Question: Does one tranche represent 500,000 kWh of power? In other words, is a SPAEC representative of a similar amount of power as one SREC.
		<p>Answer: Bidders are not bidding to supply solar power or capacity. Bidders are bidding to supply tranches of SPAECs. A tranche represents an obligation to supply 500 SPAECs annually in each of the 2018 and 2019 Reporting Years. Reporting Year 2018 is the time period from June 1, 2017 to May 31, 2018 and Reporting Year 2019 is the time period from June 1, 2018 to May 31, 2019. A SPAEC is the tradable certificate that represents one MWh of electricity generated from a qualifying solar photovoltaic (“PV”) resource. Therefore one tranche is equivalent to the SPAECs associated with an annual 500 MWh or 500,000 kWh of solar PV generation.</p> <p>The Pennsylvania AEPS Alternative Energy Credit Program website describes the difference between AECs and RECs as follows: “AECs are no different from Renewable Energy Credits (RECs) and Green Tags. “Green Tags” is a generic term for electricity generated from a variety of renewable energy sources</p>

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		including solar, wind, small hydro and biomass. The PA AEPS Program chose to call their credits Alternative Energy Credits (AECs) which include both renewable energy resources and other Pennsylvania-specific alternative resources.”
005	9/21/2017	Question: Would the buyer consider a five year term if pricing/volume was at the right point?
		Answer: No. Pennsylvania Power Company (Penn Power), Pennsylvania Electric Company (Penelec), and Metropolitan Edison Company (Met-Ed) are only considering bids to supply tranches of SPAECs annually over a two-year period as specified in Article I of the Rules. The two year period is Reporting Year 2018 (June 1, 2017 – May 31, 2018) and Reporting Year 2019 (June 1, 2018 – May 31, 2019).
006	9/21/2017	Question: Do the solar-generated RECs have to be locally sourced? Are there any requirements with respect to the vintage or locale?
		Answer: The delivered SPAECs do not have to be from a specific facility (i.e., they are not unit contingent). SPAECs must be from a solar PV resource sourced in Pennsylvania or PJM. The Companies will only accept SPAECs that comply with the Pennsylvania Alternative Energy Portfolio Standards Act and are generated through PJM Environmental Information Services Inc.’s (“PJM-EIS”) Generation Attributes Tracking System (“GATS”). See FAQ #003 for vintage restrictions.
007	9/21/2017	Question: The forms do not ask to define specifically what facility the SRECs are going to be generated from. Can the SRECs be generated from multiple facilities or acquired in the market (after reward of RFP) for instance?
		Answer: See FAQ # 002.
008	9/21/2017	Question: Should a bidder win tranches, and subsequently not be deemed creditworthy by the Company (which would require the bidder to post the full Credit Exposure Amount), could the bidder decline to execute the SPAECPSA? This is assuming that the bidder has already posted the appropriate pre-bid security.
		<p>Answer:</p> <p>Each bid (Part 2 Form) represents a binding commitment to execute the SPAEC Purchase and Sale Agreement (SPAECPSA). Therefore, if a Bidder is awarded tranches, the Bidder is obligated to execute the SPAECPSA within 3 business days of the approval of the RFP results by the Pennsylvania Public Utility Commission. See the RFP Rules (Article IV.3.6).</p> <p>Article 5 of the SPAECPSA describes the credit and security provisions of the agreement. A Bidder’s Credit Exposure Amount is determined by multiplying the product of 200% of the SPAEC Price by the</p>

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		<p>SPAEC Quantity per Reporting Year (where this quantity equals the number of tranches that the Bidder is awarded, multiplied by 500 SPAECs per tranche). A Bidder also may obtain an Unsecured Credit Limit (UCL). A Bidder applies for Unsecured Credit based on the Instructions contained in the Part 1 Form (also, see Article IV.2. of the RFP Rules for further description).</p> <p>As long as the SPAEC Supplier or its Guarantor meets the Minimum Rating, no security will be required so long as the Credit Exposure Amount does not exceed the SPAEC Supplier's or its Guarantor's UCL Amount. In the event that the SPAEC Supplier's or its Guarantor's Credit Exposure Amount exceeds its UCL Amount, the SPAEC Supplier or its Guarantor shall be required to post security in the form of cash or letter of credit in an amount equal to the positive difference between the Credit Exposure Amount and the UCL Amount.</p> <p>Bidders will be notified of their qualification status by October 18, 2017. At that time, each bidder will receive notification regarding the amount of Unsecured Credit that they have been granted. So, Bidders will be aware of their standing with respect to Unsecured Credit before Bids are due.</p>
009	9/21/2017	<p>Question: Will out of state projects have to be registered in PA even if they are all registered on GATS?</p>
		<p>Answer: Yes. For more information, please follow the link below to the Pennsylvania Alternative Energy Credit Program Website. https://www.pennaeps.com/resourcessupport/</p>
010	9/21/2017	<p>Question: Can a Bidder provide multiple pricing for a bid, as long as the Bidder remains below the overall tranche cap?</p> <p>Could the Bidder submit multiple Part 2 forms? If the Bidder submits multiple Part 2 forms, is it then necessary to submit separate letters of credit for each form?</p>
		<p>Answer: A Bidder <u>cannot</u> submit multiple Part 2 forms. A Bidder submits a single Part 2 form, and specifies a single price per SPAEC that applies to all tranches offered by the Bidder.</p>
011	9/21/2017	<p>Question: According to the PSA, the supplier is to provide ¼ of the annual SPAEC Quantity within 45 days of the end of a quarter. Thus the required SPAEC Quantity for Quarter 1 of Delivery Year 2018 is due by October 15, 2017. Yet the winning bidders will not execute their PSA until November 2017. When will winning bidders deliver the required SPAEC Quantity for Quarter 1, 2018?</p>

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		Answer: The 1st quarter 2018 SPAECs can be delivered in any of the remaining quarterly delivery periods for the 2018 delivery year. The SPAEC Quantity for the other quarters should be delivered as specified in the PSA.
012	9/21/2017	Question: Is there anything materially different in this procurement than the procurements the last two years (apart from the shorter SPAEC transfer/delivery time frame, see FAQ 011)?
		Answer: The procurement documents are generally similar to those of the 2014 procurement except for the specific dates of the Reporting Years, Delivery Period, and RFP Schedule, and the Quantity of SPAECs being procured.
013	10/19/2017	Question: Can we markup the agreement or are we required to accept the proposed Purchase Sale Agreement as presented?
		<p>Answer: The Solar Photovoltaic Alternative Energy Credit Purchase and Sale Agreement (SPAECPSA) is a document that is approved as a standard form by the Pennsylvania Public Utility Commission during each of the Companies' default service proceedings. As such, it must be accepted as presented and may not be marked up.</p> <p>As stipulated in Section IV.3.5 of the RFP Rules, for Part 1 of the proposal, the Officer of the Bidders must certify that they have read the SPAECPSA and that the Bidder accepts all of the terms of the SPAECSPA without modifications.</p>
014	11/14/2017	Question: A legislative change passed on October 30, 2017 amends the Alternative Energy Portfolio Standards ("AEPS") Act, and that change appears to affect the definition of an eligible SPAEC. Can you provide any clarity as to the new definition of eligible SPAECs for Reporting Year 2018 and 2019, specifically concerning credits generated by out-of-state solar facilities?
		<p>Answer: The Pennsylvania Public Utility Commission has not yet provided clarity on the revised definition of eligible SPAECs following the recent legislative change, and are not expected to do so prior to November 15, 2017.</p> <p>A Bidder considering whether to maintain, modify, or withdraw its bid is free to seek legal counsel as to the likely interpretation of the legislative change. However, any winning supplier executing a SPAECPSA will be required to deliver SPAECs that comply with the updated AEPS Act.</p>