

Met-Ed/Penelec/Penn Power/West Penn Power Solar PPA RFP Frequently Asked Questions

FAQ#	Date of Posting	Question / Answer
001	10/10/2022	<p>Question: Do the planned facilities need to be located in the service territory of one of the FirstEnergy Pennsylvania utilities?</p>
		<p>Answer: Each facility associated with a proposal must be located in the Commonwealth of Pennsylvania. The Companies have a preference for resources located within one of the Companies' service territories, but will consider proposals supported by facilities not located in any of the Companies' service territories as long as the physical location of those facilities is in the Commonwealth of Pennsylvania.</p>
002	10/10/2022	<p>Question: Will the Companies consider proposals tied to partial shares of larger facilities?</p>
		<p>Answer: Yes, the Companies will accept proposals tied to partial shares of larger facilities.</p>
003	10/10/2022	<p>Question: How many facilities do you expect to enter into PPAs with?</p>
		<p>Answer: The Companies anticipate contracting for between 7 and 20 MW of total capacity across all PPA proposals designated as winners of this RFP. Further, the Companies anticipate contracting with the asset or assets that, in total, best meet the Companies' needs and those of its customers. This may result in the Companies entering into PPAs with a single facility, or with multiple facilities, upon approval by the Pennsylvania Public Utility Commission (PA PUC).</p> <p>However, bids from at least three bidders, who are not affiliated with each other, must be received in response to the RFP as a condition for PA PUC approval of any successful bids.</p>
004	10/10/2022	<p>Question: What are the evaluation criteria that will be used to compare proposals?</p>
		<p>Answer: Proposals will be evaluated based on:</p> <ol style="list-style-type: none"> 1. The Cost of Energy and SPAECs; 2. Development Status; 3. Development Risk, Nodal Risk, and Other Risk Factors; 4. Facility Location; 5. Contract Duration; and 6. Other Asset or Proposal Specific Benefits and Risk Factors.

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005	10/10/2022	<p>Question: Section V of the RFP (“Proposal Content Requirements”) requests information beyond that which is provided through the Excel-based Standard RFP Response Form. How should bidders provide this information?</p>
		<p>Answer: The Independent Evaluator (“IE”) has prepared a Bidder Checklist document that provides guidance on how to respond to each of the requests in Section V of the RFP document. Each bidder will need to provide, for each proposal, additional information in a generally accepted format (e.g. Adobe PDF or Microsoft Word) of the bidder’s choosing. Each bidder’s response should also include the requested documents listed in Section V.11 as attachments to its response.</p> <p>Please see the Bidder Checklist, available in the Supplier Documents page of the RFP website, for additional detail.</p>
006	10/10/2022	<p>Question: As part of the PPA, will FirstEnergy purchase the capacity rights associated with the winning solar facility or facilities?</p>
		<p>Answer: No. Through the PPA, the Companies will purchase the specified portion of the facility’s energy output (MWh) and associated SPAECs. The facility owner will retain rights to sell capacity and any relevant ancillary services.</p>
007	10/13/2022	<p>Question: Will the companies accept a proposal strictly equal to 4 years in duration?</p>
		<p>Answer: The Companies are looking for PPAs <u>greater than 4 years in duration</u>. This means a contract of at least 4 years and one day, but not more than 10 years.</p>
008	10/20/2022	<p>Question: Will the Companies accept proposals associated with facilities that combine solar generating capacity with energy storage?</p>
		<p>Answer: The Companies are only interested in procuring the energy and SPAECs produced by the solar capacity itself and recognized by PJM at the interconnection point. While energy storage capacity may be co-located at the same site as the facility that is the subject of a proposal, the presence of that storage capacity will in no way affect the assessment of that proposal.</p>

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009	10/20/2022	Question: Does a proposed facility need to be entered into the PJM interconnection queue, or is it possible to instead establish interconnection with FirstEnergy utilities?
		Answer: As described in Section V.11 of the RFP document, respondents to the RFP should provide a description of their status in PJM’s queue process. FirstEnergy will not establish interconnection on behalf of the proposed facility.
010	10/21/2022	Question: Will the Companies accept SPAEC-only proposals in this RFP, or are proposals required to reflect a bundled product (both power and RECs)?
		Answer: Through the current procurement, the Companies will procure both energy and the associated SPAECs. SPAEC-only proposals will not be considered.
011	11/7/2022	Question: Are bidders legally obligated to sign the PPA in the event that their Proposal is selected as a winning proposal?
		Answer: Bidders are expected to sign the PPA in the event their proposal is selected as a winning proposal. As indicated in Section V.12 of the RFP, Respondents are required to demonstrate in their Proposals that they can meet all specified terms of the PPA and that they take no exception to the PPA terms. Also, as stated in Section IV.4 of the RFP, “[p]roposal pricing must remain valid for six (6) months following the Proposal due date.”
012	11/7/2022	Question: Appendix 2 requests audited financial statements so as to assess the financial viability of the respondent for pre-qualification. Could you please clarify as soon as possible, what minimum financial parameters must be met to be considered financially viable? (i.e., a minimum value on balance sheet or otherwise?)
		Answer: Neither the Companies nor the IE have established minimum financial parameters in order for a Respondent to qualify to bid. The financial information requested during the pre-qualification process serves two purposes. First, it will be used to determine whether or not a Respondent qualifies for unsecured credit. Second, it will assist the IE and the Companies in evaluating credit risk, which is a component of the proposal evaluation criteria specified in Section VII.2 of the RFP (“Other Risk Factors”).

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013	11/7/2022	Question: Can you please provide information regarding the credit qualification and collateral requirements for bidders who do not have a minimum investment grade credit rating? Specifically, when is the Performance Assurance required to be provided?
		Answer: Information regarding the credit qualification and collateral requirements is provided in Section VIII of the RFP document. Refer also to Article 10 and Exhibit G of the Form of Power Purchase Agreement. With respect to the timing, Performance Assurance must be posted at the time that the PPA is executed, as specified in Section VII.4 of the RFP.
014	11/7/2022	Question: How much information on site control is required for the Nov. 7th pre-qualification deadline? How much information is required regarding site control for the December 5th deadline?
		Answer: For the pre-qualification deadline of November 7th, no information is required regarding site control. For the December 5th deadline, Respondents must describe their rights (i.e., whether owned, leased, or under option) to the intended site, and indicate whether additional land rights are necessary for the development, construction, and/or operation of the facility. Site control is one component of “Development Status” and will therefore play a role in proposal evaluation, along with other criteria discussed in Section VII.2 of the RFP document.
015	11/7/2022	Question: Our Q3 financials will not yet be ready for the November 7th deadline. Will the IE accept 2022 Q1 and Q2 financials in response to the first bullet on p. 3 of the Pre-Qualification Application?
		Answer: In response to the quarterly reports request (the first bullet on p. 3 of Appendix 2), please provide the two most recent quarterly statements that are available, including unaudited statements if audited statements are not available. We understand that in some cases, the time lag between the close of the most recent quarter and the finalization of financial reports may mean that financials for the most recent quarter are not yet available. Note that in such cases the IE may request Q3 financial statements later on in the procurement process.
016	11/7/2022	Question: Are Respondents permitted to submit offers for varying term lengths?

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		<p>Answer: The Companies and the IE have decided that for a given facility, Respondents are permitted to submit up to two offers, where an offer corresponds to a term length and pricing bid. For example, a Respondent could submit one proposal specifying a 5-year term length and a pricing bid (using either Pricing Option 1 or Pricing Option 2), and also submit a second proposal for the same facility, where that second proposal reflects a different term length (e.g. 10 years) and pricing bid. Companies wishing to exercise this option do not need to submit two full proposals for the same facility. Instead, the Respondent should, as part of an individual Proposal package, submit two copies of the Excel-based Standard RFP Response Form, clearly specifying that they correspond to two mutually exclusive offers for a given facility (or share of facility).</p> <p>Respondents also have the option of submitting multiple Proposals corresponding to different facilities.</p>
017	11/7/2022	<p>Question: Can a Respondent submit both Pricing Option 1 and Pricing Option 2, for a given term length?</p>
		<p>Answer: No, the Respondent must choose either Pricing Option 1 or Pricing Option 2.</p>
018	11/7/2022	<p>Question: How will Nodal Risk be evaluated given the Companies have load scattered across the state? (e.g., gen node to multiple load zones; weighting factors, etc.)</p>
		<p>Answer: Nodal Risk is one factor in the bid evaluation process (described in Section VII.2 of the Request for Proposal). Proposals may be compared with one another based on historical or expected differences in their generation node prices, price volatilities, and price correlations with other relevant nodes.</p>
019	11/14/2022	<p>Question: Will non-behind the meter but distribution interconnected projects qualify, assuming they will qualify for PJM capacity?</p>
		<p>Answer: If projects a) are qualified to sell capacity and energy into the PJM wholesale markets; b) are not behind the meter; and c) are at least 5MW, they are qualified facilities and are able to be bid into this RFP. If any of the preceding criteria are not met, they are not eligible. If the interconnection to the PJM grid is through a distribution system, Respondents should include</p>

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		additional information in their bid package in order to provide assurances that the three criteria listed here can be met for the duration of the proposed PPA.
020	11/14/2022	Question: Please clarify whether each of the four utilities is procuring 20 MW, or whether the procurement target is a total of 20 MW.
		Answer: FirstEnergy seeks to acquire a total of 7 to 20 MW ICAP. This amount will be split among the four FirstEnergy utilities (Met-Ed, Penelec, Penn Power, and West Penn Power).
021	11/14/2022	Question: Are Respondents required to register their facility with AEPS for SPAECs during the bidding process? Or can this occur after the procurement is completed?
		Answer: Respondents are not required to register their facility or facilities prior to the December 5th proposal deadline. However, as discussed in Article 6.9 of the Form of Power Purchase Agreement, the seller shall be solely responsible for certifying the facility as a solar photovoltaic alternative energy source under the AEPS Act and maintaining such certification during the term of the PPA. Accordingly, in case of any doubt, we recommend that Respondents review the information at www.pennaeps.com and if necessary, to reach out to the AEPS administrator to clarify.
022	11/14/2022	Question: Does First Energy have any expectations for the post-PPA period? Will there be any opportunity to renew the PPA? Will the project be required to sign a WMPA and enter into the wholesale market?
		Answer: FirstEnergy does not currently envision renewal of the contract, and any ability to do so would likely depend on approval by the Pennsylvania PUC. At the conclusion of the PPA, the project's owners would be free to sign a PPA with another off-taker, or to enter the PJM wholesale market.
023	12/01/2022	Question: Section 4.4 of the Form of Power Purchase Agreement specifies limitations on the Buyer's obligation to buy, including due to a Force Majeure Event. Are there any limits or caps to the Force Majeure Event?
		Answer: The definition of a Force Majeure event, including circumstances that Force Majeure events shall not be based on, is specified at pp. 5-6 of the Form of Power Purchase Agreement.

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		Furthermore, Section 2.2(c) at pp. 10-11 specifies the circumstances under which a Force Majeure event can result in the early termination of the Agreement.
024	12/01/2022	Question: Please clarify what the Companies envision as the Delivery Point, as that term is used in the Form of Power Purchase Agreement. Can bidders assume that the Delivery Point will simply be the Interconnection Point of the facility?
		Answer: Yes. Bidders can assume that the Delivery Point will be the same as the Interconnection Point and the relevant Pricing Node will be determined consistently.