

PSEG LONG ISLAND

2015 South Fork Resources RFP Webex

JULY 14, 2015

Agenda

- PSEG LI Team Introductions
- Purpose of the 2015 South Fork Resources RFP
- PSEG LI relationship to LIPA
- Communications
- Selected Topics
 - Three types of resources
 - Location of resources
 - Need for Resources
 - RFP Evaluation, Contracting and Approval process
 - Isolated Mode Option
 - Direct Load Control Coordination
- RFP Schedule
- Keys to a successful Proposal
- Q&A

PSEG LI Team Introductions

- James Parmelee, Senior Manager Power Resources and Contracts, Power Markets Department
- Steve Cantore, Manager Power Asset Management (PAM)
- Susan M. Manassis, Engineer - Transmission Planning
- Michael LiPetri, Strategic/Regulatory Initiatives
- Ed Petrocelli, Manager of Power Projects , Power Markets Department

Purpose of RFP

The purpose of the RFP is to cost effectively defer the need to build new transmission on the South Fork of Long Island.

A secondary, optional purpose is to acquire resources that support operation of the South Fork, or subareas, as an isolated power system or microgrid in the event of an extreme contingency

PSEG Long Island Relationship to LIPA

- PSEG Long Island, as a Service Provider to LIPA, provides the following services
 - Operate and manage LIPA’s T&D system
 - Manage the customer service and billing function
 - Manage the energy efficiency and renewables programs
 - Power supply planning, contracting and invoice processing
- Roles in this RFP
 - PSEG LI - Issue and evaluate RFP. Recommend proposal selection
 - LIPA – Approve selection of Power Purchase Agreements (PPA)
 - PSEG LI – Prepare and execute service contracts
 - PSEG LI – Negotiate PPAs
 - LIPA – Approve PPAs
 - PSEG LI – Manage resources selected from RFP

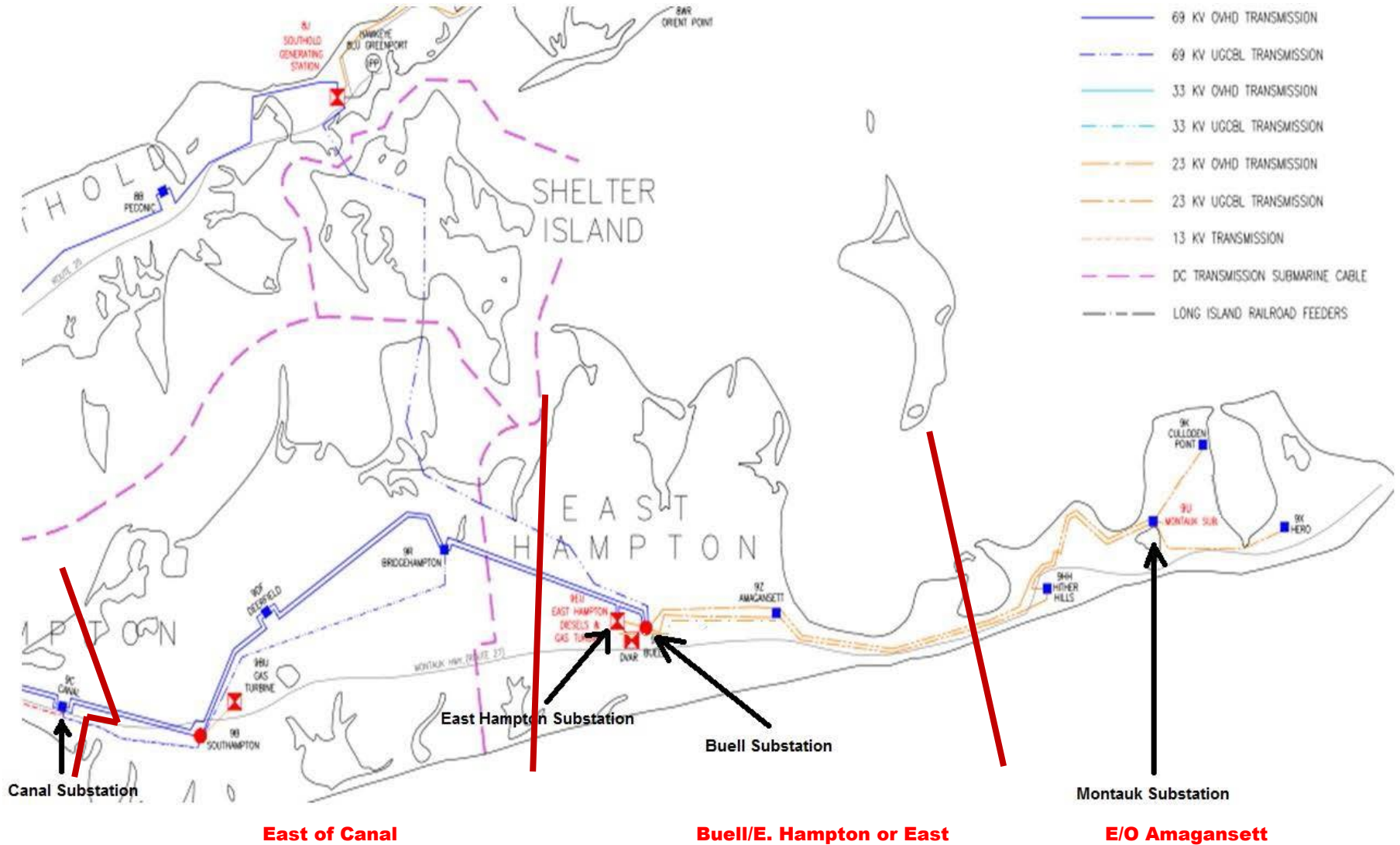
Communications

- State law restricts communications during the RFP process
- Improper communications may result in disqualification from RFP
- Proper communications
 - RFP Web Site (www.PSEGLiny.com)
 - RFP Email: DL-PSEGLI-SFRFP@PSEG.com
 - RFP Designated contacts listed in Section 4.5 of RFP

Selected Topics – Three Types of Resources

- 1. Load Reduction – Located behind the customer meter**
 - Can be efficiency, generation, renewable energy, storage
- 2. Power Production connected to substation**
 - Connection limited to either East Hampton Substation or Montauk Substation
 - There is only room for one connection per substation
 - Must comply with applicable NYISO and LIPA Interconnection rules
- 3. Power Production connected to distribution feeder**
 - Does not go through customer meter
 - Must comply with LIPA's Small Generator Interconnection Procedures
 - Must comply with PSEG-Long Island Smart Grid Small Generation Interconnection Screening Criteria for Operating in Parallel with LIPA's Distribution System

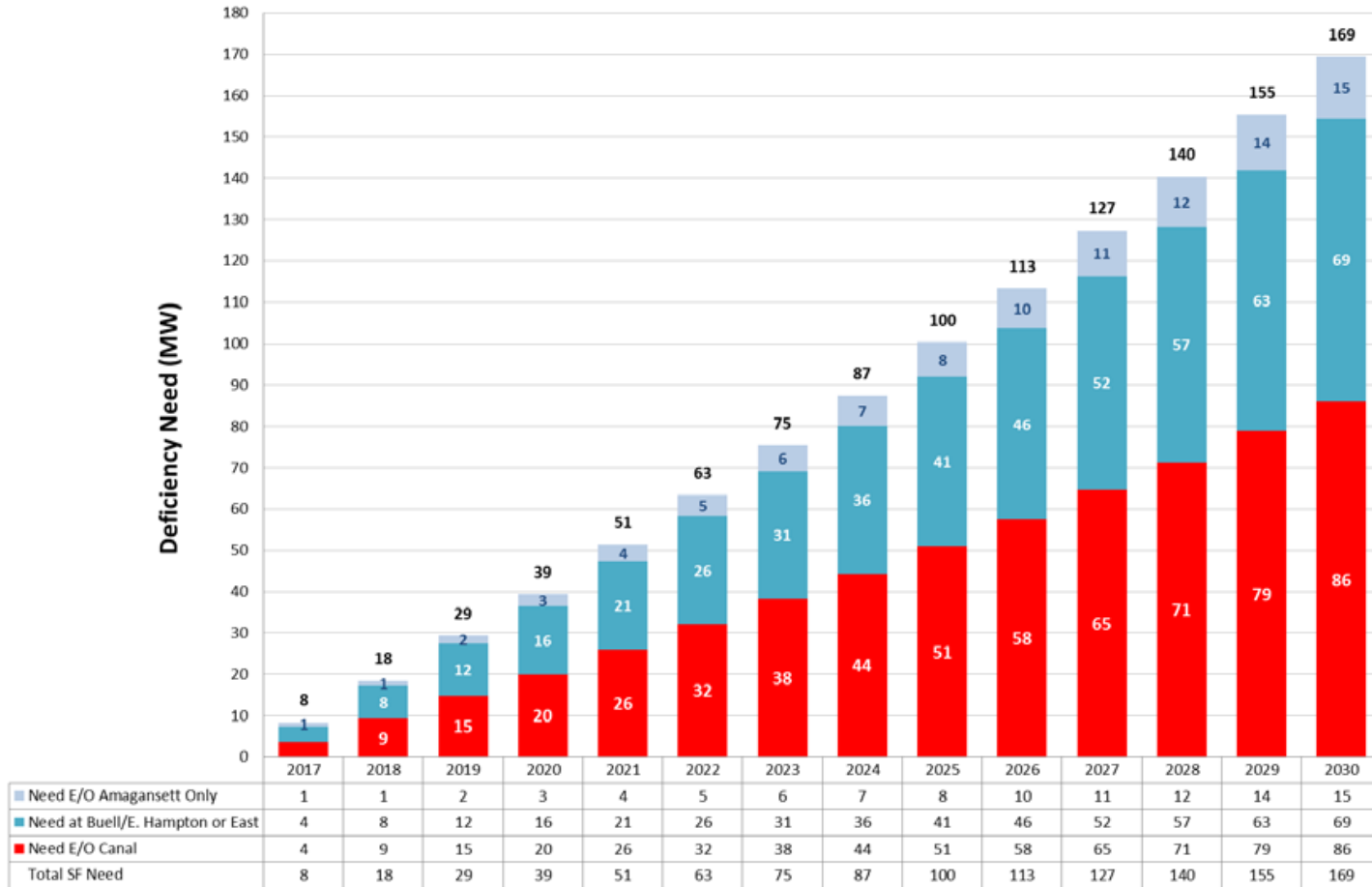
Selected Topics – Location of Resources



Note: Boundaries on this map are approximate. Use boundary descriptions in section A6 of Appendix A for accurate locations

Selected Topics – Need for Resources

South Fork Need 2017 through 2030



Selected Topics – RFP Evaluation, Contracting and Approval Process

Demand Resources	Power Production Resources (Transmission or Distribution)
Evaluation on common basis by PSEG LI	
Selection for negotiation by PSEG LI Staff	Recommendation for negotiation by PSEG LI Staff and Approved by LIPA Board
Negotiation by PSEG LI Staff	Negotiation by PSEG LI Staff
Approval of contract by PSEG LI Staff	Approval of contract by LIPA Board (must complete SEQRA process before approval)
Execution of contract by PSEG LI Staff	Execution of contract by LIPA
	Review and approval by New York State Attorney General's office
	Review and approval by New York State Comptroller's office
Contract is effective	Contract is effective

Selected Topics – Isolated Mode Option

- Power Production Resources connected to the substation may provide an option to operate in Isolated Mode.
 - In Isolated Mode, a portion of the South Fork power system and the Power Production Resource will be separated from the greater T&D system
 - The Power Production Resource will be the predominate generation source with small distributed generation potentially connected to the isolated system
 - If there is more than one Power Production Resource, each will operate independently to support separate systems

Selected Topics – Direct Load Control Coordination

- PSEG Long Island anticipates that it will provide a single point interface software Distributed Energy Resource Platform (DER Platform).
- All Respondents will need to integrate their respective communications, data flows, billing determinants, and command/control system utility grid interfaces through the DER Platform
- Respondent responsible for provision of DER Platform communications technology that is based on open ADR protocols
- Expected Distributed Energy Resource performance
 - Load Reduction events – dispatch within 60 minutes
 - System disturbance events – dispatch within 10 minutes

RFP Schedule

RFP Schedule and Relevant Dates	
Activity	Date
Release of RFP	June 24, 2015
Pre-bid Conference Webinar	July 14, 2015
Question Submittal Deadline	August 10, 2015
Proposal Submittal Deadline	3 pm EST November 13, 2015
Proposal Selections (planned)	May 6, 2015
Execution of Contracts (planned)	4th Quarter 2016 to 3 rd Quarter 2017 ¹
Firm Pricing Required Through	September 30, 2017
Preferred COD Resources (planned)	May 1, 2019 ²

¹ Execution dependent upon completion of negotiations; and for receipt of any required SEQRA findings.
² Some Resources will be required by May 1, 2017 and May 1, 2018

Keys to Successful Proposal

- Proposal received by 3 pm November 13th deadline
- Proposal delivered with required submittal fee as a certified check or bank check made payable to PSEG Long Island
- All required documents and forms supplied with proposal
- No material changes after submittal of the proposal
- Firm pricing through September 30, 2017
- Prompt response to clarification questions from PSEG LI

Q&A



Graveyard

SLIDES TO BE POTENTIALLY DISCARDED

Purpose of the 2015 South Fork Resources RFP

- The South Fork of Long Island is essentially a peninsula.
- This area of LIPA's Service Territory has unusual geographical, economic and infrastructure characteristics.
 - Load growth 2.6% average annual growth rate
 - The fact that the South Fork is a peninsula limits the transmission options to PSEG LI
 - This area of Long Island is largely a resort community which would be adversely affected by a lengthy transmission upgrade project.
- Introducing a variety of Load Reduction and Power Production Resources in this region can alleviate the effects of this higher than average growth rate.

Purpose of the 2015 South Fork Resources RFP

- Given the above, there are four (4) main purposes to this RFP:
 1. Meet the requirements of the Reforming the Energy Vision concept via the PSEG Long Island Utility 2.0 East End Infrastructure Deferment program.
 2. Acquire additional local Power Production and/or Load Reduction resources in the South Fork to meet projected load growth and thereby defer the need for new transmission.
 3. Support load demand in the South Fork to the degree necessary to avoid overload of existing transmission assets during transmission outages that limit transmission capacity to the South Fork load area.
 4. Support system voltage in the South Fork to avoid voltage collapse during a transmission outage.

Reforming the Energy Vision (REV) Format

- In April of 2014, the New York State Public Service Commission instituted a public proceeding regarding Reforming the Energy Vision (“REV”). REV is New York’s comprehensive strategy to develop a cleaner and more reliable, resilient and affordable energy system for all New Yorkers. The objective of REV is to promote more efficient use of energy, deeper penetration of renewable energy resources, and wider deployment of distributed energy resources and storage.
- PSEG Long Island filed a proposed Utility 2.0 plan on July 1, 2014 that was consistent with the REV concepts. One component of the Utility 2.0 plan constitutes using certain Load Reduction resources to help defer the need for building new transmission on the east end of the South Fork. Resources acquired through this 2015 SF RFP would be used to meet the objectives set forward in the Utility 2.0 plan.
- This Request for Proposals was designed with the REV concept in mind.

RFP Contents

- The 2015 SF RFP is divided into three (3) sections
 - Main Body
 - Appendix A
 - Appendix B

Main Body of 2015 SF RFP

- The Main Body of the RFP is composed of five (5) sections:
 - Introduction and Background Discusses:
 - ✓ The PSEG LI – LIPA relationship
 - ✓ Objectives of the RFP
 - ✓ Descriptions of the types of resources sought – Load Reduction and Power Production
 - ✓ RFP Timeline
 - Terms and Conditions
 - ✓ COD dates sought and accepted
 - ✓ Forms of Agreements
 - ✓ Treatment of Transmission Costs
 - ✓ Firm Pricing Commitment
 - ✓ Separate Pricing for Optional Capabilities
 - ✓ Conditions Precedent for Agreement

Main Body of 2015 SF RFP (Continued)

- Proposal Requirements
 - General requirements related to NYS Procurement Law
 - Proposal Outline and Content
- Administrative Matters
 - Interpretation or Correction of RFP Documents
 - Proposal Expenses
 - Proposal Submittal Fee
 - Method for Submitting Proposals
 - Communication during RFP Process
 - RFP Website
 - Questions about the RFP
 - Request for T&D System Data
 - Limitations
 - NYS MWBE Participation/Equal Employment Opportunity
 - NYS Service-Disabled Veteran-Owned Businesses

Main Body of 2015 SF RFP (Continued)

- Evaluation & Selection Process
 - Evaluation Process
 - Right to Reject Proposals
 - Right to Bifurcate Proposal Selection
 - Evaluation Criteria (Qualitative and Quantitative)
 - Selection Process
 - Debriefing of Unsuccessful Respondents

Appendix A - Load Reduction Specifications & Other Background Information

- Background of Customer Characteristics
 - Residential
 - Small Commercial
 - Large Commercial
- Eligible Load Reduction Resources
- Roles and Responsibilities (as Applicable) for PSEG LI and the Respondent
- Performance (As applicable)
 - Performance Metrics
 - Penalties for Callable Resources
 - Penalties for Distributed Generation Resources
- Voltage Ride-through Capability (As Applicable)
- Desired Location of Load Reduction Resources



Appendix B - Power Production Specifications & Other Related Requirements

- Eligible Power Production Resources - NYISO, NPCC and LIPA Interconnection Rules
- System Dispatch and Bidding
- Locational Requirements and Information
- Electrical System Characteristics
- Operating Modes
- Capacity
- Availability
- Operating Mode Transitions
- Control System and Operations Interface Requirements
- Special Requirements for Isolated Operation (Optional)
- Harmonics and Interference

Appendix B - Power Production Specifications & Other Related Requirements (Continued)

- Developer Attachment Facilities (DAF)
- Interconnection Protection
- Metering
- Power Production Resource Models
- Design Studies
- System Verification and Testing
- Training