

Questions and Answers about RCEA Biomass RFO

November 17, 2016

1. What is the cost of TEA as the Scheduling Coordinator (SC)?

Response: There is no cost to the generator to use TEA as the SC.

2. Is it possible to hire our own SC?

Response: Yes. There would need to be substantial effort on the part of the Seller to update the PPA to reflect this change, and RCEA is not responsible for any costs incurred by Seller in making such updates. RCEA will not penalize a Seller for making such a change to the PPA per the "Acceptance of Standard Form" criteria as long as the other commercial provisions are substantially the same.

3. What are RCEA metering requirements?

Response: The Project must use a single CAISO revenue meter as required for RPS facilities and WREGIS. See Section PPA Section 3.6 for more details.

4. What are the RCEA communication requirements?

Response: For available capacity, the Project must notify RCEA's SC according to PPA Section 3.4(b). With respect to outage notifications, see PPA Section 3.7. For CAISO dispatch, RCEA's SC will provide access to the CAISO's Automated Dispatch System (ADS) and the Project is responsible for following CAISO instructions. See PPA Section 3.1(q) for more details. If the CAISO communicates a verbal dispatch to the SC instead of through ADS, then the SC will relay instructions to the Project.

5. What charges need to be bundled in the rate for CAISO and other incremental costs?

Response: The Buyer will pass on any credits or charges associated with the CAISO's Standard Capacity Product program. Beyond that, the Seller is responsible for any penalties associated with market misconduct by Seller. The Seller also has exposure to CAISO market prices as they relate to Surplus Delivered Energy, Failure to Comply with dispatch instructions, damages for failure to meet Guaranteed Energy Production and for delivering Excess Energy.

6. Please clarify if the Buyer has unlimited curtailment hours? Would you consider a cap on Buyer curtailment hours?

Response: The default PPA assumes Buyer has unlimited curtailment hours. Caps will be considered but will impact the Net Market Value and Portfolio Fit criteria. There will be no impact on the evaluation criteria of "Acceptance of Standard Form PPA."

7. Will RCEA limit specific delivery hours?

Response: RCEA will not limit specific delivery hours.

8. Is the cure delivery point the same as the generator's normal delivery at PNode?

Response: The cure delivery point is the NP15 Trading Hub.

9. Please define zero net emissions and provide an example.

Response: This provision is meant to preclude the generator from selling Renewable Energy Credits and Offsets simultaneously from this project. The Buyer is entitled to all environmental attributes for the energy generated and delivered to the CAISO grid.

10. Please explain the capacity factor mechanism and provide examples?

Response: Capacity Factor mechanism only distinguishes between As-Available or Baseload designation. There are no financial implications for the mechanism.

11. How much over-delivery counts toward the GEP?

Response: Delivery that exceeds the Contract Capacity in any Settlement Interval will not count towards the GEP.

12. Is on-site manufacturing included as Station Use?

Response: No. Per the PPA:

“Station Use” means all energy consumption necessary for the generation of electricity that can be supplied by the Project itself while it is generating electricity, and any loads not separately metered from any station use load. For a biomass facility, the energy demand to transport the biomass material that has undergone all processing necessary for consumption in the biomass boiler into the boiler, using stationary equipment (or at least stationary while operating) is considered station use.

For facilities with on-site manufacturing, Seller can offer the Excess Sale option on the cover letter.

13. How will station usage be charged in the case of a unit outage?

Response: Station usage will be charged according to the service agreement with PG&E.

14. Will the generator have the flexibility to replace generation through the CAISO market?

Response: No. RCEA is seeking biomass energy through this RFO and will not accept grid power as a substitute.

15. Why does the data come from the CAISO? Won't this information go to the Scheduling Coordinator?

Response: See response to Question 4 above.

16. Please clarify the GADS reporting process and requirements.

Response: RCEA is not introducing any new requirements on the generator with respect to GADS reporting. If the resource is greater than 20MW, then NERC has mandatory reporting requirements. For purposes of the PPA, if subject to such requirements, the Seller shall provide certain GADS information when reporting a forced outage per Appendix IV.

17. In the excel offer form, confirm that the “generation profile” tab is only applicable to the amount of generation being offered to RCEA

Response: The generation profile is only applicable to the amount of generation that will be exported to the CAISO grid. The PPA assumes that RCEA will purchase all such exports.

18. What is the MW amount that RCEA projects to procure? And what is the load profile projection? Is there a maximum offer quantity?

Response: RCEA has a procurement target of 15% of its average load which is ~90MW. The target is neither a minimum or a maximum. The volume awarded will depend on the pricing offered relative to market conditions.

19. In the excel offer form, can the “Pricing” tabs be expanded to provide shaped pricing (e.g. on-peak, off-peak) or are offers required to be priced flat?

Response: Bidders can submit offers that are not flat for RCEA to consider, but requires that a flat pricing offer for 1-year term is included.

20. For a company that produces electricity as a byproduct of processing waste wood chips from its on-site sawmill that is in continuous operation, when there is a reduction in energy production, there is an accumulation of wood waste that can exceed storage capacity. If this happens, the facility is forced to stop its sawmill and cease production of its primary product. In a situation where TEA would solely determine the amount of energy scheduled, the company loses its flexibility to run its business. Would RCEA consider allowing the Seller to select its own Scheduling Coordinator and to execute a partial sale contract?

Response: For Sellers interested in a partial sale, they can select their own Scheduling Coordinator. In this case, the offer will be in the form of an Inter-SC Trade where the Seller also conveys the Renewable Attributes associated with the generation. The Seller would not be required to offer RCEA its Resource Adequacy in the case of a partial sale. To convey that an offer is for a partial sale, please make note in the generation profile tab.

21. Please explain the relationship between Net Qualifying Capacity and Contract Capacity.

Response: The Net Qualifying Capacity (NQC) is determined according to the CPUC’s Counting Rules. For a new non-dispatchable resource the Contract Capacity would be used to submit an

NQC request whereby the request would multiply the Contract Capacity by the applicable monthly technology factor(s). For an existing facility, the NQC already exists based on historical production and can be found at the link below:

<http://www.caiso.com/Documents/2017NetQualifyingCapacity-ResourceAdequacyResources.html>