

Maryland Offshore Wind Energy Act OSW Application – Instructions for use of OREC Price Bid Form

This OREC Price Bid Form is a Microsoft Excel-based spreadsheet template intended to facilitate the communication of OREC Price Schedule and related bid data as part of an OREC Application to the Maryland Public Service Commission under the Offshore Wind Energy Act of 2013, consistent with regulations under COMAR 20.61.06.02.M. Applicants must complete a copy of the Bid Form for each pricing option offered. Properly completed, the Bid Form will determine whether the proposed OREC Price Schedule complies with the cap on levelized OREC price cap at \$190 per MWh in 2012 dollars for the applicant's proposed Target CO Date and for delays of up to 5 years.

Data Validation and Error Messages

The shaded box near the upper right corner of the Bid Form displays messages on the status and viability of the bid data entries. When the Bid Form is blank or incomplete, the first row of the box displays the message "MISSING INFORMATION". Once a valid entry has been made for each required field, this message changes to "ALL INFORMATION PROVIDED". The second row of the box indicates whether the pricing entered results in a levelized OREC price over the base proposed term (starting at the Target CO Date and continuing over the proposed OREC Price Term) that is in compliance with the \$190/MWh price cap (2012 \$). The third row of the box indicates whether the levelized OREC price cap test is met assuming delays of 1, 2, 3, 4 or 5 years. The levelized OREC price cap test messages only appear once the "ALL INFORMATION PROVIDED" message appears.

If a non-valid entry is attempted in any of the input cells, a message will appear suggesting how to fix the entry, either by entering a value within a valid range or by selecting from a drop-down list.

To the right of the white-background form area on a display screen, there is a column in the blue background area that displays '<<< Required Information' or "OK", depending on the status of the input cells in the corresponding rows. When all of these messages read "OK", the "ALL INFORMATION PROVIDED" message will appear within the bid form area.

Inputs

The following paragraphs describe the inputs to the Bid Form and explain the calculations associated with the levelized OREC price test.

The following inputs are assumed to be the same for all price proposals for a given OREC application.

Applicant Name – Enter full name of applicant as it appears elsewhere in the OREC Application

Project Name – Enter the name of the project as it appears elsewhere in the OREC Application

Project Installed Capacity – Enter the installed capacity of the project in MW. (In the case of a 2-part price proposal, capacity will be used to determine a base transmission network upgrade cost.)

Lease Site – Select the applicable Maryland offshore lease site (North, South or both) from the drop-down list. The list will appear when the input cell is highlighted and the cursor is moved over the box with the arrow.

Target CO Date – Select the first full month of anticipated commercial operation from the drop-down list.

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The input items below may vary among multiple pricing proposals.

Price Proposal Name – Enter a name that identifies alternative OREC Pricing Schedules for the Application and is consistent with other parts of the Application.

Price Proposal Type – Select the proposal type (“1-Part” or “2-Part”) from the drop-down list. As defined in the regulations at COMAR 20.61.06.02.M.(1), a 1-Part price schedule consists of a firm price per MWh for each calendar year that would not be subject to any adjustment. A 2-Part price schedule consists of both a firm price component per MWh for each calendar year (Part 1) and a level nominal dollar price component per MWh over the proposed OREC term (Part 2) that is subject to a one-time adjustment based on the relationship between (i) the actual cost of transmission network upgrades determined by PJM in an Interconnection Services Agreement and (ii) the estimate for such upgrades developed by the Commission’s consultant and provided by this Bid Form as a function of Project Installed Capacity and Target CO Date. Note that only transmission network upgrades are included in the Part 2 adjustable price. For Project Installed Capacity of up to 250 MW, the consultant's 250 MW estimate will be used, while the 400 MW estimate will be used for any Project Installed Capacity greater than 250 MW. Interconnection costs are not included.

OREC Price Term – Enter a proposed OREC term of up to 20 years in whole years.

Part 1 OREC Price – For each calendar year beginning with the year of the Target CO Date through five years past the year in which the proposed OREC Price Term would end, enter a firm OREC price expressed in nominal dollars per MWh. Prices may be level, or may change from year to year, but they must be firm for the indicated calendar year. All entries will be rounded by the Bid Form to the nearest \$0.01/MWh. The prices for the five calendar years beyond the end of the proposed term are used to determine whether the OREC Price Schedule would continue to comply with the Levelized OREC Price Cap Test in the event of a schedule delay of up to 5 years. Note that the cells for the Part 1 price table are formatted so that, once a Target CO Date and a Proposed OREC Term are entered, cells for calendar years outside of the relevant range are cross-hatched. No entry needs to be made in those cells. **Price entries should be made either by manual entry or by pasting prices into the range “AS VALUES”. If a range of cells is copied from another spreadsheet and pasted using the general paste settings, the formatting on the bid form may be corrupted.**

Part 2 OREC Price – If the Price Proposal Type selected is “2-Part”, enter the portion of OREC price to be subject to adjustment based on the ratio of the actual final PJM cost estimate for transmission upgrades to the cost estimate selected from the table in this form, based on Project Installed Capacity and Target CO Date. The price shall be stated in level nominal dollars per MWh over the OREC price term. Note that, once Price Proposal Type has been selected as “2-Part” and Proposed Installed Capacity and Target CO Date have been entered on the form, an Upgrade Cost Case name will appear with a Base Upgrade Cost in millions of dollars adjusted to the Target CO Date. The Part 2 price component that will be actually paid will be the proposed price multiplied by the ratio of the actual PJM cost estimate to the Base Upgrade Cost, subject to the Levelized OREC Price cap test as described below. Note that the Part 2 price entered on the bid form will be rounded to the nearest \$0.01 / MWh.

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Levelized OREC Price Cap Test

The columns to the left of the Part 1 price entry area are used to calculate the total OREC price for each calendar year in nominal dollars per MWh and in 2012 dollars per MWh. The 2012 dollar price is the product of the nominal dollar price and the “2012 \$ Deflator”. There are also columns for a real discount factor by calendar year and for a levelized 2012 \$ OREC price.

The box below the calendar year table summarizes the calculation of levelized OREC price for the Target CO Date and delays of 1, 2, 3, 4, or 5 years. For the Target CO date, the levelized price is the sum of calendar year products of “Delivery Months” x “Total Nominal Price” x “Deflator” x “Real Discount”, divided by the sum of calendar year products of “Delivery Months” and “Real Discount”. For the delay tests, the “Delivery Months” column values are slipped down one row for each year of delay. The “Max Upgrade Cost” displayed in the box, in the case of a 2-Part price proposal, is the “actual” upgrade cost in Target CO Date dollars that would bring the levelized OREC cost to exactly \$190/MWh in 2012 dollars.