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Bulk Energy Storage RFP 2021

CENTRAL HUDSON GAS & ELECTRIC RESPONSES TO PARTICIPANT QUESTIONS & FEEDBACK

Questions and answers submitted prior to 12/7/2021: Q1/A1 to Q10/A10

Questions and answers submitted between 12/8/2021 & 12/14/2021: Q11/A11 to Q15/A15 with an update to Q4/A4

QUESTIONS AND ANSWERS LISTED BY SECTION AND DATE OF RECEIPT/RESPONSE AND NOT NECESSARILY IN NUMERICAL ORDER

GENERAL QUESTIONS

Q1) The RFP alludes to certain documents that are due in Round 1 vs Round 2. Can CHGE please confirm exactly which of the appendices are due in Round 1 vs 2? It sounds like all Appendices are due but may be updated by Round 2.

A1) All Appendices are due to be submitted for Round 1; however, within each appendix there are Round 1 requirements which may be binding as submitted for Round 1 or which may be indicative for Round 1 and refined/binding for Round 2; each are noted as such within the appendices. For example, on the instructions tab for Appendix B, a table is listed with the Round 1 information that is either Indicative or Binding for Round 1. A second example is under Appendix C1 – Site Control where ordered project details are requested followed by questions specific to Round 1 and refinements to those questions and additional ones for Round 2. Each appendix details its requirements within the body.

Q2) Is a change in the primary point of contact on the Bidder's Team between Qualification to Round 1 submission is permitted. Could you please provide guidance on this?

A2) Developers may change the primary point of contact within their company prior to the Round 1 submission.

Q11) Do we need to re-submit any documents already provided in the pre-qualification phase (for example, Appendix C7)?

A11) There is no harm for bidders to re-submit documents already provided in the pre-qualification phase when bidders submit their Round 1 Offer bid packages to ensure that their submitted bid package is complete. Updated documents will be necessary to submit for Round 2 Offers.

Q12) The RFP states longer durations are preferred and multiple cycles per day are an option. Are there any restrictions on when the system can recharge?

- For Market Operations
- For Station Power

A12) There are no known restrictions on when the energy storage system can recharge either for Market Operations or for Station Power; any restrictions on energy storage system re-charge or station service will be identified during the interconnection review process and conveyed to the developer as soon as it becomes a known issue.

Q13) Please indicate which Tariff Service Classification Rate and Riders will apply to distribution interconnected Energy Storage Systems participating in this procurement.

A13) Because this 2021 Central Hudson Bulk Energy Storage RFP allows bidders to submit energy storage bid proposals that can be interconnected to any point within the Central Hudson electric system, the Central Hudson Tariff Service Classification Rate that would apply can vary depending on the specific energy storage bid proposal. The most likely Central Hudson Tariff Service Classification Rate that would apply to a proposed standalone bulk (greater than 5 MW) energy storage system is Central Hudson Tariff Service Classification No. 13 (Large Power Substation and Transmission service), even though there could be instances in which Central Hudson Tariff Service Classification No. 14, No. 3, or No. 2 could apply instead.

For example, if a standalone energy storage system is proposed to be located in the Central Hudson Saugerties Substation area to meet the specifications as indicated in Central Hudson RFP Appendix E document, Central Hudson Tariff Service Classification No. 13 (Large Power Substation and Transmission service) would apply. A copy of Central Hudson electric tariff rate leaves can be found [on the New York State Public Service Commission website](https://www.psc.state.ny.gov/Website/Website.nsf/00000000-0000-0000-0000-000000000000?OpenDocument).

(“https://ets.dps.ny.gov/ets_web/search/searchShortcutEffective.cfm?companyID=3569012&serviceType=ELEC&TRIC&psc_num=15”)

Offer Variants

Q3) CHGE notes that a change in duration is considered a variant to a bid, but a change in technology is considered a new bid. If we are changing duration, it almost certainly will require a change in the specific model of battery that we are using on a project. (i.e. an LG battery rated for 2 hours vs. 4 hours). Can you confirm whether using the same vendor and general technology but slightly different battery model to accommodate a different duration can be considered a variant or whether it would require a separate bid with separate bid fee?

A3) Using the same vendor and general technology but slightly different battery model to accommodate a different duration can be considered a variant to the Base Offer and require only one Offer Fee. A technology change would be changing from using Lithium-ion battery technology to using Lead-acid battery technology or to using Flow battery technology for instance. For example, if a bidder decides to use the same Interconnection Point and submit 2 energy storage system project proposals, one using Lithium-ion battery technology and a second one using Flow battery technology, then two Offer Fees would be required in this case. Furthermore, bidders are permitted to change vendors, if desired to achieve a more competitive Offer Price (such as changing one Lithium-ion battery vendor for another Lithium-ion battery vendor), between their Round 1 Offers and Round 2 Offers, but are not permitted to change technology between their Round 1 Offers and Round 2 Offers.

Offer Submission Fees

Q4) Could Central Hudson please forward along ACH/Wire information for the \$10,000 Offer Fee that will be due as a part of the Round 1 Bulk Storage submission?

A4) Developers requiring ACH/Wire Information for the purpose of submitting their offer fees should request same in writing to the Central Hudson Bulk Energy Storage RFP email address (CHGE-Storage-RFP@cenhud.com). *UPDATE: All qualified developers were sent both Central Hudson ACH/Wiring Instructions and Central Hudson W-9 Form via email prior to December 15, 2021.*

Interconnection

Q5) Are there any interconnection voltage restrictions that CHGE has in place for this RFP – would both transmission or sub-transmission connections qualify?

A5) Energy Storage systems can connect at any voltage as long as said system is both “front of meter” and greater than 5.0 MW in size. Any transmission or sub-transmission/distribution voltages qualify.

Q15) The RFP states that the project can interconnect either to the distribution and transmission system and would therefore be subject to different interconnection procedures and jurisdiction. The assumption here is that a project could either go through NYISO’s Small Generator Interconnection process or CHGE’s Interconnection Process for Projects >5MW depending on the point of interconnection.

The milestone schedule in Appendix C4 lists a number of specific milestones to the NYISO interconnection process and associated NYISO studies. If a project would not be subject to the NYISO interconnection process because of its Point Of Interconnection (“POI”) and instead would be subject to CHGE’s interconnection jurisdiction, should the milestones be amended to be specific to CHGE’s interconnection processes? Or, does this section imply that a project must go through the NYISO interconnection process to be eligible for this procurement? Should a project go through the NYISO interconnection procedure if the project would be on a non-FERC jurisdictional feeder?

A15) Central Hudson requires that the energy storage system obtain Capacity Resource Interconnection Service (“CRIS”) and Energy Resource Interconnection Service (“ERIS”) from the NYISO so that the energy storage system can participate in the NYISO wholesale market to receive electric capacity, electric energy, and ancillary services

revenue from the NYISO market. Typically, this would require the energy storage system to go through the NYISO Interconnection process. Additionally, the project would need to apply to NYISO in order to be a Market Participant. The application process for Energy Storage Systems greater than 5 MWs can be found [at the Central Hudson website](https://www.cenhud.com/en/my-energy/distributed-generation/technical-requirements/) (“<https://www.cenhud.com/en/my-energy/distributed-generation/technical-requirements/>”).

APPENDIX A – Qualification Questionnaire

Q6) Could Central Hudson provide some clarification on the Appendix A, Bidding Team Overview section regarding government assistance: “Identify any government assistance program to be requested, expected, or received that relates to the financing of the anticipated Project”. Does this include grants and third-party incentives like ITC or NYSEDA Incentive programs?

A6) Yes, Central Hudson will want to have a clear understanding of any/all governmental assistance including grants, ITCs, NYSEDA Incentive programs, etc. Please provide as much information as possible about each funding and tax reduction source for the proposed project.

APPENDIX B – Offer Form

Q7) The “Project Cost and Offer Price” tab in the Bulk Storage Offer Form asks for the “Levelized Carrying Charge Rate” of the Project. Could you please clarify further what this input is looking for?

A7) Based upon a bidder’s unique financial structure (e.g., insurance costs, interest charges on borrowed funds, desired return on investment, assumed book life of the proposed energy storage project, production tax credits, income tax to be paid, etc.) for its proposed energy storage project, the “Levelized Carrying Charge Rate [in %/year]” represents the bidder’s single composite annual rate [in %/year] of the initial investment cost of the proposed energy storage project. For example, if the initial investment cost to install the proposed energy storage project is \$20 million and a bidder determined that its “Levelized Carrying Charge Rate [in %/year]” is 20%/year (with the bidder assuming a book life of 15 years as one of its financial assumptions), then the bidder’s annual Carrying Cost for this proposed energy storage project is \$4 million per year (\$20 million * 20%/year), not including any annual costs such as annual Operations & Maintenance cost.

Q14) A follow up question regarding the Levelized Carrying Charge Rate. Understanding that the (Annual Carrying Cost) = (Initial Investment) x (Levelized Carrying Charge Rate) as provided in your answer above, is there a formula, similar to the one you provided for the Annual Carrying Cost, that you would recommend Bidders use for calculating the Levelized Carrying Charge Rate to ensure it is uniformly calculated?

A14) Because each bidding company’s detailed financial structure can be different, there is no one uniform method or set of formulas that is used to compute a bidding company’s Levelized Carrying Charge Rate [%/year]. One correction to a previous answer (Q7/A7) that Central Hudson provided is that the Levelized Carrying Charge Rate [%/year] **would** also include Operations & Maintenance costs as one of its components.

Q8) In Appendix B of the RFP materials, we are having some difficulty entering in some values in the “Interconnection Queue Status”, “Energy Storage Technology”, and “Energy Storage Sub-Technology” cells. There does seem to be options, but they have been blank for us. Could you assist us with this issue?

A8) In the “Detail Project Info” tab for the “Interconnection Queue Status” category, the bidder needs to select the “Interconnection Process Used” first from the drop-down menu before choices are displayed in the drop-down menu for the “Interconnection Queue Status” category. For the “Energy Storage technology” category, the bidder needs to select the “Energy Storage method” first from the drop-down menu before choices are displayed in the drop-down menu for the “Energy Storage technology” category. For the “Energy Storage sub-technology” category, the bidder needs to select the “Energy Storage technology” first from the drop-down menu before choices are displayed in the drop-down menu for the “Energy Storage sub-technology” category.

APPENDIX C6 – Bidder’s Checklist

Q9) In Appendix C6- Bidder’s Checklist, it indicates that “Appendix D3 – Proposed Changes to the Central Hudson Energy Storage Services Agreement Form” is required, however it is not currently listed on the RFP website under the 2021 documents. Can you please clarify if this is still going to be released or if the redlines to the ESSA Appendix D1 are sufficient for the Round 1 submission?

A9) In Central Hudson’s Bulk Energy Storage RFP Draft materials for comment, Appendix D3 was made available for comment to the Energy Storage Services Agreement (“ESSA”). After the comment period of the draft materials had closed, Central Hudson RFP team determined that Central Hudson is not inviting changes to the ESSA terms and conditions and are expecting potential developers to accept the same. Hence, for the final posting, the appendix was deleted from the “lineup” and the checklist as well as from further reference within the RFP documents. That said, should there be something that obfuscates the signing of the agreement, Central Hudson should be made aware via redline with comments explaining such on the Word version of the ESSA document.

APPENDIX D1 – CHGE Energy Storage Services Agreement (ESSA)

Q10) Will Central Hudson accept redline changes to the ESSA?

(With regard to) redlines to the ESSA (which) seems to only be due in Round 2; please confirm if anything related to the ESSA is due in Round 1.

A10) Central Hudson’s intent is that developers will accept the ESSA terms and conditions as presented. Central Hudson posted a version of the document in Microsoft Word format for developer convenience in the event redline items were necessary to enable the signing of the agreement. No changes to the ESSA are expected/required for any Round.