



## Developing a Grid Services & Distributed Energy Resources (DERs) Compensation Method RFP: Questions and Responses

### Legal and Administrative

1. We currently work with the EDCs in MA. Is this considered a conflict of interest?

We do not consider current work with the EDCs as a conflict of interest. However, applicants should be able to work objectively and independently from present or past work with the EDCs.

2. Please define Environmental Justice Communities. Is it equivalent to the Environmental Justice Populations in Massachusetts or is it defined as something else? If defined as something else, please define.

It is equivalent to the [Environmental Justice Populations in Massachusetts](#).

3. The proposal requirements say the statement of qualifications can be up to 3 pages. Is there flexibility in this requirement for larger teams?

Yes, within reason.

4. Please define “key applicant [team] members” as mentioned in the Statement of Qualifications section of the RFP.

Key applicant team members are the individuals who provide thought leadership and are primarily responsible for overseeing the content, timeliness, and quality of deliverables. There may be analyst/associate level roles that are involved in supporting the work that are not considered to have primary responsibilities as outlined above. Those individuals/roles would not be considered as key applicant team members.

5. Can additional staff be added to a project not listed in the statement of qualifications?

See response to Question 4. Further, we expect the equivalent, relevant expertise and qualifications that are represented in the application to be involved in the execution of the project. The successful applicant should notify MassCEC if there are additions or changes to the key applicant team members.

6. Page 15 states that consultant rate sheets will be considered public record. Can bidders mark rates as confidential business information?

As a public entity, MassCEC is subject to the Commonwealth's Public Records Law, codified at M.G.L. c. 66 (the "Public Records Law"), and therefore, any documentary material, data, or other information submitted to MassCEC are presumed to be public records. An exemption to the Public Records Law may apply to certain records, including materials that fall under certain categories under a statutory or common law exemption, including the limited exemption set forth in M.G.L. c. 23J, Section 2(k) regarding certain types of confidential information submitted to MassCEC by an applicant for any form of assistance. Notwithstanding the foregoing, if an applicant marks consultant rate sheets as confidential, then they may be withheld from public disclosure.

7. Can bidders request minor changes to the sample terms and conditions? If so, would you like those presented as part of the proposal, and in what format?

We assume that this question refers to Attachment 2: Sample Agreement. MassCEC has limited ability to modify the terms of its agreements, however, applicants may submit proposed edits as part of its proposal, which MassCEC may accept or reject in its sole discretion.

8. For Section 5, Access and Use, how do we document the agreement in writing to allow the consultant to maintain its pre-existing IP? Do we create an additional exhibit to attach to the contract, or do we identify the IP in our proposal and include language saying that MassCEC agrees that Synapse will retain ownership and issue a license? Alternatively, is there some other way this should be handled?

We assume that this question refers to Attachment 2: Sample Agreement, "5. Access and Use". The basic presumption is that deliverables made under the agreement belong to MassCEC. There is no intention to assume pre-existing IP rights. To the extent such pre-existing IP will be embedded in deliverables, MassCEC will require a license to that IP such that MassCEC has the unencumbered right to use of the deliverables.

9. Can you please confirm whether there are any M/WBE requirements associated with this bid opportunity?

Please refer to the Proposal Requirements in Section VIII of the RFP. There are no M/WBE (minority-/women-owned business enterprise) requirements associated with this bid opportunity. There is a requirement to provide information on the applicant's commitment to DEI and/or EJ principles. Additionally, please refer to the Selection Criteria provided in Section IX of the RFP.

## **Budget**

10. Regarding our budget proposal, which of the following price breakdowns is preferable: price by phase, task, or hourly rate?

We expect to design a contract on a milestone basis on a deliverable schedule. We expect to review the rates for each person on the project team and, separately, the budget by Task. This review process establishes an understanding of the level of effort proposed for each Task, and the relative value of the proposal as a whole.

11. Section “X. Budget” states in part “Please note that the consultant will be paid on a milestone basis based on a deliverable schedule.” Given that, what is MassCEC’s vision for a budget submission?

- For each milestone achieved a fixed cost budget, and thus under “ATTACHMENT 2: SAMPLE AGREEMENT, Section 3 Payment:” subsection “a” that only the “FIXED FEE” option is contemplated? If this is not a correct interpretation, please provide the correct interpretation.
  - i. One alternative to the above interpretation is MassCEC is contemplating paying each milestone on a not-to-exceed time and expense basis, which would mean the consultant would be well served by having as many milestones as possible. Unfortunately, that scenario would make tracking hours to one of dozens of tasks associated with a milestone unwieldy. Please comment on this alternative interpretation.
  - ii. Related, If the above is the correct interpretation (payment will be on fixed fee for each milestone achieved), do we then NOT include “Staff Charges” when we submit invoices under “ATTACHMENT 2: SAMPLE AGREEMENT, Section 3 Payment:” subsection “c.i” because such breakdown of charges would be irrelevant for a fixed fee invoice?
- If the project is a FIXED FEE project, why is MassCEC requesting to see hourly labor rates in the proposal as requested as part of “Budget and Rate Sheet (maximum 2 pages)”?
- More generally, please clarify what it means to be paid on a milestone basis.

See response to Question 10.

Payment on a milestone basis means that the contractor can invoice MassCEC for the pre-determined milestone payment amount once it meets the milestone requirements agreed to in the contract. A mutually agreed-upon breakdown of reasonable milestones will be established during contracting.

12. Please confirm that MassCEC is looking for fixed-priced milestone billing, as shown in the sample agreement.

See responses to Questions 10 and 11.

13. Please explain, if not confidential, where funding for this project comes from and whether timely payment can be expected upon completion of each proposed milestone.

Funding for this project comes from MassCEC. More specifically, MassCEC receives funding from the Renewable Energy Trust Fund, which was created by the Massachusetts Legislature in 1998 as part of the restructuring of the electric utility market. The Trust is funded by a systems benefit charge of \$0.0005 per kilowatt hour paid by electric ratepayers of investor-owned utilities in Massachusetts, as well as municipal electric departments that have opted to participate in the program.

Upon milestone completion and approval, the selected applicant submits an invoice and can expect payment within 45 days of invoice submission.

14. If known, please provide the expected milestones for this project. If not known, please confirm that bidders should suggest milestones.

Applicants should suggest milestones that are tailored to their proposals. A mutually agreed-upon breakdown of reasonable milestones will be established during contracting with the selected applicant.

15. Can you please clarify the project schedule expectations? Are you looking for progress reports or are there any specific milestones, other than the mid-point study results, that we can anticipate?

See response to Question 14. We do not currently have expectations regarding specific milestones and deliverables beyond what is in the RFP.

16. Please explain what you mean by “must be proposed on a per-Scope basis” under “Budget and Rate Sheet” on pg. 12.

Every application should address all aspects of the scope as detailed in the RFP. MassCEC will not accept applications that only address a portion of the scope.

## **Scope**

17. Are intermittent resources considered in scope for this analysis? We consider solar and wind in scope as DERs, but they may not independently provide the grid services described by MassCEC, e.g. capacity relief, infrastructure deferral and avoidance, and voltage support.

All DERs are potentially in scope. A grid services program should be technology agnostic. However, the DER or portfolio of DERs must be able to deliver the

specified grid service reliably. The associated performance requirements may vary considerably for different types of grid services, which may limit the cost-effectiveness and/or feasibility for certain DER types to provide a particular grid service. In addition, requirements for communication and controllability of a DER may apply.

18. Is manual curtailment in scope for this analysis?

Yes. See response to Question 16.

19. Will the implementation roadmap need regulatory approval from the DPU? Will this document need to be ready-to-file in a regulatory proceeding with associated exhibits, testimony, etc.?

It is too early to speculate on the procedural outcomes that might follow the conclusion of this work. However, this scope does not include preparation of ready-to-file documents or the successful applicant's involvement in any formal proceeding.

20. P. 5 of the RFP states: *In addition, any compensation mechanism would have to also account for the various other State programs and market-based revenue streams available to a DER operator, and the tradeoffs in participating in each with respect to timing and overall operation of the asset (see, for example, Value of DER Report, Table 6 and Section 3.4, "Optimization and Value Stacking").* Is MassCEC asking for the selected consultant model the economics (including dispatch modeling for energy storage) of projects participating in applicable markets, or to evaluate interactions qualitatively?

The scope of work does not explicitly call for detailed economic modeling such as energy storage dispatch modeling. We do not consider such modeling to be a necessary component of a successful application. We do, however, welcome qualitative analysis or quantitative modeling to the extent that the applicant determines such work would be helpful and/or necessary to inform the intended results.

21. "Cost-benefit analysis for specific locations is not in scope for this work." Is cost-benefit analysis for more generic resources a required part of the scope? If so, please elaborate on the breadth of the cost-benefit analysis requested.

Cost-benefit analysis is not a requirement of the scope.

22. The RFP at page 8 states the compensation method should include "an initial set of inputs for determining compensation levels." Can MassCEC specify these inputs? Are they categories of avoided costs or forecasts of avoided costs?

Determining the inputs is part of the scope. The calculator or method that we envision may call on avoided costs or forecasts of avoided costs as they relate to the distribution system, as well as other potential inputs.

23. Does MassCEC anticipate quantifying each of the grid services named in the scope (capacity relief, infrastructure deferral and avoidance, voltage support, avoided contingency measures, reliability), or will part of the study be to identify which of these services are best quantified vs qualified?

We anticipate that part of the work may include identifying which services are reasonably quantifiable for the purpose of developing a compensation value.

24. Viable DER compensation mechanisms for grid support will be to a large degree reliant on the individual EDC's DERMS capabilities. The EDC's ESMPs are not currently finalized and approved and might not be by the project start date expected to be in August 2024 or approved by late August as noted in footnote 2 of the RFP. If the ESMP Orders are not issued by early September 2024, then can we assume for bidding purposes that either the MassCEC will identify the assumed results of the ESMPs and their DERMS capabilities (and their enabling technologies), and further that any changes in requested assumptions what will be included in the ESMPs and their associated DERMS capabilities, will trigger a change order that can be negotiated or that the end of the project will be extended commensurately past April 2025 if needed?

The evolving landscape of complementary technologies/capabilities and potential impacts on this scope of work can be considered and accommodated as appropriate.

25. Please explain the expected interaction between the locational compensation mechanism and existing incentives for distributed energy resources. Is the locational mechanism expected to replace those incentives?

Please refer to Section III, p. 5 of the RFP. This work does not contemplate the replacement of existing incentives.

### **Technical, Data, and Analysis**

26. Does MassCEC envision that the analysis would be focused on third party (not EDC) ownership of resources, or should the analysis also consider compensation for EDC-owned resources?

The focus of this work is not intended to be EDC-owned resources. Please refer to Section III of the RFP stating that "MassCEC seeks to understand how existing and

future ratepayer and third-party owned DERs on the distribution grid can provide services that help reduce the overall cost of the energy transition.”

27. Will the DER valuation be limited to distribution-classified impacts only or also incorporate supply and transmission-classified benefits?

DER valuation for purposes of the provision of grid services will be limited to the distribution system. However, the successful applicant should demonstrate a strong understanding of other State programs and market-based revenue streams available to a DER operator and tradeoffs of participation relative to a future distribution grid services program/market.

28. The RFP states, “any compensation mechanism would have to also account for the various other State programs and market-based revenue streams available to a DER operator.” Does this imply that the calculator/tool built in this project would have to calculate the full value stack of compensation (energy, transmission, etc.), not only distribution grid service value?

See response to Question 27.

29. Please explain whether the computation of locational incentives includes potential values derived from wholesale markets.

See response to Question 27.

30. What is the expected maturity level of Solar PV and DER location, adoption, impact data maintained by EDCs?

The EDCs provide data and information on DERs in their respective service territories in public filings, including in hosting capacity maps, annual reports on qualifying facilities and on-site generating facilities (see D.P.U. dockets marked as [YEAR]-DG, e.g., “24-DG”), and in Electric Sector Modernization (ESMP) filings. The EDCs may be able to provide other, not currently public information depending on the development of the work and specific use cases identified.

We expect significant collaboration with the EDCs, who are supportive of the scope of work and expect to actively participate in this project. Specific details on relevant EDC data to inform the work would be discussed upon project kickoff.

31. Will each utility be requested to provide data on distribution system asset costs and the value/cost of services such as contingency measure avoidance and voltage support?

See response to Question 30.

32. What level of collaboration does MassCEC expect from the EDCs? For example, will they be expected to provide feeder level data to inform grid services value, or will the straw proposal rely on already-available data?

See response to Question 30.

33. Will the calculator developed in this project be expected to output the actual tariffs or an illustrative calculation that will then be used by utilities to develop a tariff?

This work is expected to recommend the design of and practical application/use of a DER compensation calculator. The application/use of the calculator may depend on the inputs to the calculator and other aspects of the recommended roadmap.

34. Does MassCEC expect the study to rely on avoided costs from the 2024 AESC, or does MassCEC expect to revisit any components of these avoided costs as part of this study?

This work may rely on avoided costs from the 2024 AESC. We do not have any assumptions about the need to revisit any components during this project. It is important to note that the calculator should accept inputs that change over time, and not rely on static inputs from, for instance, the current version of the AESC.

### **Stakeholder Engagement**

35. We understand the list of stakeholders on page 10 is not exhaustive. Will a full list of key stakeholders be provided, or are we required to identify additional stakeholders?

We expect to build out a full list of stakeholders in collaboration with the successful applicant; the State team regularly solicits stakeholder feedback and participation in program and policy development.

36. Does MassCEC expect to engage an established group of stakeholders - for example the same stakeholder group that contributed to the Value of DER report - or is the Applicant expected to facilitate formation of a stakeholder group for this specific study?

See response to Question 35.

37. Regarding stakeholder engagement: what is the minimum number of workshops that MassCEC anticipates will be sufficient to ensure an adequate level of input from the diverse stakeholder roster?

There is no defined process for stakeholder engagement nor a minimum number of interviews or workshops that MassCEC can identify. Applicants should recommend



an approach to stakeholder engagement that supports the development of a statewide compensation mechanism and a recommended implementation plan. For instance, there may be primarily larger stakeholder meetings, complemented by separate interviews or meetings with individual stakeholders or focus groups. We expect that the project timeline and budget will also inform the number and type of interviews or workshops that are feasible/sensible. The State/EDC team expects to work collaboratively with the selected applicant to determine the scope and schedule of stakeholder engagements.

38. Can we conduct stakeholder engagement workshops/meetings with the collective list of stakeholders, or are we expected to meet with stakeholders individually?

Please see response to Question 37.

39. The RFP discusses significant collaboration with multiple stakeholders. Is there a process envisioned for this collaboration? How many meetings and interviews are envisioned? How long is envisioned for each stakeholder session?

Please see response to Question 37.

40. Please explain whether stakeholder engagement is expected to be in-person or virtual; if in-person, is it appropriate to include some budget for travel?

Stakeholder engagements are likely to be virtual. Please also see the response to Question 37.

41. To the extent stakeholder opinions on locational compensation mechanisms differ, who determines the proposal? Is it MassCEC, the consultant, or another entity?

We expect this process to be collaborative and designed to build consensus around a mechanism. To the extent full consensus is not established, the final proposal may reflect multiple potential recommendations for continued consideration or demonstrations.