



Offshore Wind Program
Request for Information OSWRFI24-1
RFI Release Date: April 23, 2024

Responses Due: Tuesday, May 21, 2024 by 3:00 PM Eastern Prevailing Time

The purpose of this Request for Information (RFI) is to invite external stakeholders to review and comment on the potential structure of NYSERDA's next solicitation for Offshore Wind Renewable Energy Certificates (ORECs) and next solicitation for offshore wind supply chain infrastructure.

After receiving and reviewing feedback on this RFI, NYSERDA plans to release an OREC Request for Proposals (ORECRFP24-1) in the summer of 2024, with a complimentary and parallel Offshore Wind Major Component Supply Chain Request for Qualifications (OSWSC RFQL), followed by a \$300 million Offshore Wind Major Component Supply Chain Request for Proposals (OSWSCRFP24-2).

NYSERDA does not intend to publish responses to this RFI. **However, if you wish for your responses to remain confidential please mark them "Confidential" or "Proprietary," in accordance with the procedure described below.** If NYSERDA receives a request from a third party for responses received that have been marked "Confidential" or "Proprietary," NYSERDA will process such request under the procedures provided by New York State's Freedom of Information (FOIL) regulations as detailed below (see foil@nyserda.ny.gov for additional information). The FOIL provides exceptions to disclosure, including Section 87(2)(d) which provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." **Information submitted to NYSERDA that the disclosing party wishes to have treated as proprietary and confidential trade secret information should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to exempt it from disclosure, including a written statement of the reasons why the information should be exempted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501.**

Respondents are not required to answer all questions and should focus on questions relevant to their participation in the ORECRFP24-1, OSWSC RFQL, OSWSCRFP24-2, and/or their field of expertise.

Comments responding to this RFI are due by Tuesday May 21, 2024 at 3 p.m. ET, and should be sent to offshorewind@nyserda.ny.gov with the subject line "OSWRFI24-1 Comments". NYSERDA may reach out to respondents to seek clarifications. Any questions about this RFI or requests to discuss this RFI should be directed in writing to offshorewind@nyserda.ny.gov. NYSERDA may also at its sole discretion at any time also elect to engage in discussions with potential respondents and other interested parties regarding the matters described in this RFI.

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I. Background and Objectives

This RFI builds upon New York’s third and fourth offshore wind solicitations (ORECRFP22-1¹ & ORECRFP23-1²), the Public Service Commission (Commission) Order Denying Petitions to Preserve Competitive Renewable Energy Market and Protect Consumers issued on October 12, 2023 (the October 2023 Order),³ New York’s 10-Point Action Plan,⁴ and NYSERDA’s \$200 million Offshore Wind Supportive Manufacturing and Logistics RFP (OSWSCRFP24-1)⁵.

Under the Climate Leadership and Community Protection Act (Climate Act), New York State has adopted some of the most ambitious clean energy targets in the nation, including an offshore wind goal of installing 9,000 megawatts by 2035. Achieving these targets will require development timelines that consider both access to the current offshore wind supply chain overseas, as well as the burgeoning domestic offshore wind supply chain.

The objective of this RFI is to invite external stakeholder feedback on the potential structure and timing of the next OREC Request for Proposals (RFP) and interaction with the \$300 million Offshore Wind Major Component Manufacturing Supply Chain RFP to help inform NYSERDA’s planning of such solicitations prior to issuance. Feedback is primarily sought from prospective proposers into the forthcoming ORECRFP24-1 or OSWSCRFP24-2, and NYSERDA welcomes feedback from all stakeholders as well. Terms capitalized but not defined herein have the meanings assigned to them in ORECRFP23-1.

This RFI refers to potential characteristics of upcoming solicitations. However, all aspects of any proposed solicitation, including any features described or not described herein, may be altered, removed, or otherwise changed at the sole discretion of NYSERDA.

II. Potential OREC and OSW Supply Chain Solicitations Approach and Timing

NYSERDA currently expects ORECRFP24-1 and OSWSCRFP24-2 to launch on the following timeline:

¹ <https://www.nyseda.ny.gov/All-Programs/Offshore-Wind/Focus-Areas/Offshore-Wind-Solicitations/2022-Solicitation>

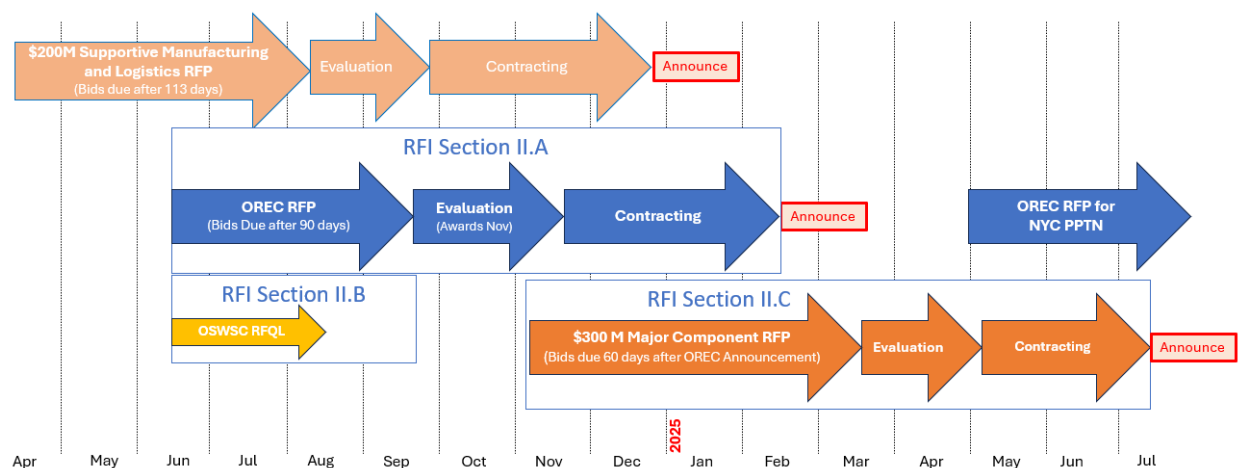
² <https://www.nyseda.ny.gov/All-Programs/Offshore-Wind/Focus-Areas/Offshore-Wind-Solicitations/2023-Solicitation>

³ Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Order Denying Petitions to Preserve Competitive Renewable Energy Market and Protect Consumers (issued on October 12, 2023).

⁴ <https://www.nyseda.ny.gov/-/media/Project/Nyserda/Files/Programs/Offshore-Wind/10-point-plan.pdf>

⁵ The first offshore wind supply chain solicitation, [OSWSCRFP24-1](#).

Figure 1. Illustrative timing and sequence of NYSERDA's forthcoming 2024 solicitations



NYSERDA intends to launch New York's fifth offshore wind solicitation (ORECRFP24-1) in mid-June 2024 concurrently with a pre-qualification process (OSWSC RFQL) for major components seeking to obtain early commitments from offshore wind developers prior to participation in the \$300 million Major Component Supply Chain RFP (OSWSCRFP24-2). Sub-section II.A further details the approach NYSERDA is considering for ORECRFP24-1. Pre-qualification responses would be due from supply chain participants in August 2024, with the pre-qualified components to be known to offshore wind developers prior to the OREC RFP submission deadline in September 2024. For each RFP, NYSERDA intends to finalize contract negotiation with awardees prior to any public announcement.

Sub-section II.B further describes the interaction of the offshore wind solicitation and pre-qualification process. The \$300 million Major Component Supply Chain RFP (OSWSCRFP24-2) would launch after ORECRFP24-1 proposals are submitted, with awards expected in the summer of 2025. OSWSCRFP24-2 will utilize \$300 million in New York State grant funding and may include additional funds not distributed from the \$200 million made available in OSWSCRFP24-1, launched on April 23, 2024. Sub-section II.C further details the approach NYSERDA is considering for OSWSCRFP24-2.

NYSERDA is utilizing two offshore wind supply chain solicitations, OSWSCRFP24-1 and OSWSCRFP24-2, as part of Governor Hochul's \$500 million commitment to support offshore wind supply chain localization in New York. The first offshore wind supply chain specific solicitation, OSWSCRFP24-1, seeks to distribute up to \$200 million for subcomponent manufacturing and offshore wind logistics port infrastructure. Offshore wind projects along the eastern seaboard continue to develop and seek support around logistical needs served by port infrastructure or by supportive manufacturing components. The investments anticipated through OSWSCRFP24-1 present direct opportunities for small to mid-sized enterprises to scale infrastructure to serve the growing offshore wind market.

The second offshore wind supply chain specific solicitation, OSWSCRFP24-2, seeks to distribute \$300 million for larger enterprises focused on primary component manufacturing infrastructure in New York. Localization of primary component manufacturing in New York will fill a need for these products in the United States and support the build out of the expanding offshore wind market as New York and other states continue with offshore wind procurements.

NYSERDA plans to subsequently launch another offshore wind solicitation in 2025, which will leverage integration with the NYISO [New York City Offshore Wind Public Policy Transmission Need Project Solicitation](#) (NYC PPTN) and focus delivery of offshore wind projects into Zone J. The timing of the OREC RFP to integrate with the NYC PPTN will be determined after the 2024 solicitations have completed, and the illustration of timing in Figure 1 is not yet confirmed. The design elements included in this RFI relate to ORECRFP24-1 and are separate from the development of planned 2025 offshore wind solicitation, for which NYSERDA intends to release a separate and focused RFI.

NYSERDA will finalize preparation and timeline of ORECRFP24-1 and OSWSCRFP24-2 after receiving feedback from this RFI. Respondents are welcome to provide feedback on any aspects of the described approach, and/or respond to the specific questions contained in Section IV below.

A. ORECRFP24-1 Design

NYSERDA expects that ORECRFP24-1 would follow the general structure of ORECRFP23-1, with key elements described in the table below:

Table 1. NYSERDA design elements of the 2024 offshore wind solicitation

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Existing Contracts	Projects with existing OREC contracts with NYSERDA were eligible to submit proposals if they executed conditional termination agreements.	Projects with existing OREC agreements are not eligible to participate in the OREC RFP.
ORECs Offered and Delivery Point Limitations	- Each Offshore Wind Generation Facility included in a Proposal must represent a minimum Offer Capacity of either 800 MW or the maximum remaining available capacity (i.e., not committed under an active offtake agreement) from the lease area and a maximum of 1,400 MW. - NYSERDA will select no more than 1,400 MW delivered via a single HVDC cable or up to 900 MW delivered via up to two HVAC cables into Zone J Delivery Point(s) and no more than 2,800 MW with a Zone K Delivery Point.	- Each Offshore Wind Generation Facility included in a Proposal must represent a minimum Offer Capacity of either 800 MW or the maximum remaining available capacity (i.e., not committed under an active offtake agreement) from the lease area and a maximum of 1,400 MW. - NYSERDA will select no more than 1,400 MW delivered via a single HVDC cable into Zone J. NYSERDA makes no limitation on awardable capacity delivered into Zone K. - NYSERDA is targeting an award group of at least 2,600MW.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Transmission Export Cabling and Meshed Ready Rules	- HVAC cabling is limited in “Constrained Areas” (as defined in Section 2.1.6 of ORECRFP23-1). - HVAC cabling may not traverse any “Prohibited Areas” (as defined in Section 2.1.6 of ORECRFP23-1). - HVDC proposals must be Meshed Ready unless a justification is provided, and non-Meshed Ready options must be submitted as alternate proposals that correspond to a Meshed Ready proposal. “Special Rules for HVAC Replacement” set forth in Section 2.1.6 of ORECRFP23-1 describe exceptions to these rules.	- All Proposals must submit both meshed ready and non-meshed ready variations. - The same rules will apply to HVAC cabling as in ORECRFP23-1, except that Special Rules for HVAC Replacement will not be included.
Economic Benefits Start Date	Economic Benefits Start Date of May 15, 2019, and economic benefits included a “Past Dollars” time frame.	There will be no “Past Dollars”. The Economic Benefits Start Date will be January 1, 2024.
Supply Chain Interaction and Purchase Commitments	- No interaction with New York State grant funding nor supply chain RFPs—unlike ORECRFP22-1, which included Supply Chain Investment Plan Proposals, and conditional economic benefits as part of “purchase commitment proposals”. - Proposals can include additional contractual commitments to make specific “Supply Chain Investments”, which receive additional weight in evaluation. “Supply Chain Investments” are defined as any “investment in, or purchase of goods or services from, an offshore wind port or other offshore wind supply chain facility (including facilities that provide training or workforce development, conduct scientific research and/or conduct environmental conservation activities) located in New York State that is either a new (greenfield) facility or requires significant upgrades to an existing facility to accommodate the contemplated usage.”	- NYSERDA will run a supply chain Request for Qualifications (OSWSC RFQL) in parallel with the OREC solicitation. Details of the interaction between the OSWSC RFQL and the OREC RFP are contained below in section II.B. - As further described below, OREC Proposers can make conditional “purchase commitments” to supply chain facilities that have been pre-qualified through the OSWSC RFQL. - Consistent with ORECRFP23-1, Proposals can also include “Supply Chain Investments” as defined in ORECRFP23-1. Unlike “purchase commitments”, any Supply Chain Commitment (such as a capital commitment to a supply chain facility contemplated under OSWSCRF24-1OSWSCRF24-2) would be <i>unconditional</i>, meaning that it would be required to be reallocated to another supply chain facility if the originally contemplated supply chain facility does not materialize.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Submission Steps	Proposals were submitted at one time with both Offer Price and non-price information included in the submission.	• NYSERDA is considering a two-step RFP submission, with the initial submission containing only non-price information. Price would be submitted as a second step, with submission due four weeks following NYSERDA completing review and providing feedback to Proposers on OREC Purchase and Sale Agreement (“PSA”) comments, Interconnection Cost Allocation Baselines, Economic Benefits Claims and any other relevant matters. This would allow all relevant information to be incorporated into bid pricing and avoid the need for an additional re-price step as was included in ORECRFP22-1.
Contract Negotiation and Award Announcement	• Proposal submission includes OREC PSA markup, and NYSERDA provides feedback to Proposers in parallel with evaluation. • NYSERDA announces provisional awards, including the weighted average strike price of the provisional award group, and then contract negotiation is finalized.	• Maintain approach adopted in ORECRFP23-1 allowing for NYSERDA to provide feedback to Proposers in parallel with evaluation. • NYSERDA is considering deferring all announcements and public press releases until after contracts are signed. • NYSERDA does not intend to publish any price or awardee-specific information prior to contract finalization.
Award Security and Contract Signing	No award security; contract security due only after the OREC PSA is signed.	NYSERDA intends to require award security of \$10,000 per MW to be provided by any awarded proposer, which would be returned to the awarded proposer upon OREC PSA execution and provision of contract security or retained by NYSERDA if the OREC PSA is not signed within 90 days following notification of award (at which time NYSERDA would also be entitled to rescind the award).

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Contract Security	• \$40,000/MW due at OREC PSA execution; additional \$20,000/MW due one year later; \$10,000/MW due each following year (for a 1.2GW project, this would amount to \$134 million seven years after OREC PSA execution). • All Contract Security is retained by NYSERDA in the event of contract termination (subject to certain exceptions). • If the Project is not built to at least 95% of Offer Capacity, a proportional amount of the Contract Security is retained by NYSERDA. For example, if a 1.2GW project is built to 900MW, NYSERDA would retain 21% of contract security (\$28.1 million in the example above).	• NYSERDA is considering whether to maintain or potentially increase the contract security to roughly twice the amount in ORECRFP23-1 (i.e., resulting in \$268 million after seven years for a 1.2 GW project). • As noted below, NYSERDA is considering revising the OREC PSA to provide that in lieu of termination, NYSERDA may instead retain a certain portion of contract security if contractual milestones are missed. • NYSERDA is also considering revising the OREC PSA to provide that NYSERDA would retain 50% of Contract Security if by the date that is twelve (12) months following first power / commercial operation the Project is built to less than 95% of Offer Capacity but more than 80% of Offer Capacity and to retain all Contract Security and be entitled to terminate the contract if the Project is built to less than 80% of Offer Capacity within twenty-four (24) months following first power / commercial operation.
Phase-in of Capacity	• Proposers could propose “phased” projects with distinct contract delivery terms and specific offer capacity by phase. • If less than 25% of the project phase has commenced Commercial Operation, the Seller may elect to delay the commencement of the Contract Delivery Term for up to one year.	• NYSERDA is considering removing the phased project concept. • NYSERDA is considering allowing Projects to delay commencement of the Contract Delivery Term Projects by up to a year after commencement of Commercial Operation, regardless of whether less than 25% of the project has commenced Commercial Operation.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Outer Limit Date	• The Outer Limit Date was established as 1/1/2058 for 25-year terms and 1/1/2053 for 20-year terms, making the latest Contract Delivery Term start date to maintain a full term 1/1/2033. • The OREC PSA allows for up to two years extension of the outer limit date for certain enumerated reasons related to: ○ Certain interconnection-related delays ○ Actions taken by a permitting authority that apply to the offshore wind industry as a whole ○ Delays due to Force Majeure • As noted below, Section 5.06 also allows for extensions of the Outer Limit Date if applicable due to offshore transmission integration.	• NYSERDA is considering setting the Outer Limit Date as 1/1/2059 for 25-year terms and 1/1/2054 for 20-year terms. • NYSERDA intends to maintain the maximum two-year extension to support de-risking projects while incentivizing projects come online as soon as possible. • In addition to the enumerated reasons for extension, NYSERDA is contemplating adding a provision that NYSERDA may provide extensions if NYSERDA determines in its sole discretion that development of the Project has been delayed due to reasons outside of the Project's reasonable control. Such reasons could potentially include, depending on the circumstance, demonstrated unavailability of vessels or key components.
Contractual Deadlines and Events of Default	The form OREC PSA contains certain project development milestones which, if missed, can trigger an Event of Default allowing for contract termination, including: • Failure of SRIS to be presented within 15 months after OREC PSA execution • Failure to enter Interconnection Agreement within 48 months after OREC PSA execution • Failure to submit COP within 18 months after OREC PSA execution • Failure to submit Article VII within 18 months after OREC PSA execution • Failure to commence construction within 6 months after receiving COP and Article VII approvals	• NYSERDA is considering allowing extensions to these project development milestones, similar to the permissible extensions to the Outer Limit Date. • NYSERDA is considering revising the OREC PSA to provide that in lieu of termination, NYSERDA may instead retain a certain portion of contract security if contractual milestones are missed.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Interconnection Cost Adjustments	• Interconnection Cost Sharing is an optional proposal feature, which may be submitted as an alternate proposal. Proposers select the cost sharing thresholds and cost sharing percentages. • Interconnection Savings Sharing is a contractual requirement for all proposals, and are based on Interconnection Cost Allocation Baselines, set by NYSERDA based on proposal information.	• NYSERDA is considering defining the Interconnection Cost Sharing thresholds and cost allocation share on a consistent basis across all proposals. Specifically, NYSERDA is considering applying the formula depicted in Section II of Appendix A to all proposals that opt into the Interconnection Cost Sharing mechanism. • The Interconnection Cost Allocation Baseline will continue to be calculated by NYSERDA based on proposal information and would be communicated to the proposer prior to the step two price submission. • Proposers would decide whether or not to submit proposal variants that incorporate the Interconnection Cost Sharing mechanism in the price submission.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Inflation Adjustment	Proposals can be submitted with Inflation Risk Adjusted pricing as an alternate proposal. Required proposals do not include an inflation adjustment. The inflation risk adjustment formula is set forth in Exhibit Q of the OREC PSA and is based on changes between proposal submission and COP approval in the following indices: labor (30% weighting), commercial machinery repair and maintenance PPI (25%), steel (10%), diesel (10%), copper (5%). The adjustment formula also contains a 20% fixed component, recognizing that not all project costs will vary with these indices.	• NYSERDA is considering that all offer pricing be subject to an inflation adjustment to protect against attrition and to protect ratepayers. • NYSERDA is considering altering the formula to more accurately reflect the components of offshore wind project LCOE. A potential adjusted version of the formula is set forth in Section I of Appendix A. • NYSERDA is also considering whether to incorporate a separate adjustment mechanism to account for changes in the cost of capital, as set forth in Section I of Appendix A. • NYSERDA is considering adding a provision to the OREC PSA that would allow NYSERDA to, subject to the Project's consent, implement a portfolio-wide change to the inflation adjustment formula in the event that NYSERDA concludes, after consulting with the Department of Public Service, that credible evidence shows that the inflation adjustment formula has diverged from the expected breakdown of offshore wind LCOE compared with that at the time of proposal submission due to events beyond projects' control.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Offshore Transmission Integration	The Offshore Transmission system Integration Adjustment provision (Section 5.06 of the OREC PSA) describes that in the event that NYSERDA determines that any changes to design or scope of the Selected Project (other than the Meshed Ready requirements) must be made to prepare for or implement a future offshore transmission system, the schedule (potentially including the Outer Limit Date), delivery and/or pricing provisions of the OREC PSA shall be adjusted based on a cost estimate or other study carried out on behalf of the Selected Project and reviewed by a third party mutually acceptable to the Seller and NYSERDA.	• In light of ongoing offshore transmission initiatives including the New York City PPTN process, NYSERDA intends to further clarify that the offshore transmission integration provision applies to all Proposals. • In addition, NYSERDA is considering adding a binding dispute resolution component to Section 5.06 similar to the provision contained in Section 4.03(c)(iii) of the Tier 4 REC Agreement with Clean Path New York.
Qualifying Federal Support	OREC pricing is adjusted in the event that a Project obtains Qualifying Federal Support, which includes support arising from new federal legislation and certain bonus provisions of existing federal legislation but does not include federal loans.	• NYSERDA is considering expanding the definition of Qualifying Federal Support to include the incremental value (as compared to a market rate loan) of any federal loan or federal loan guarantee from the U.S. Department of Energy's Loan Program Office (LPO), regardless of whether or not it arises from a law enacted by the U.S. Congress Before or after Proposal submission. • NYSERDA contemplates that this incremental value would be calculated by comparing the all-in cost on a present value basis of the LPO-backed financing with the published cost of a debt of the same weighted average life provided to a BBB rated credit, as of the date of the closing of the LPO-backed financing.
Climate Adaptation and Resiliency	Proposal submissions included a Climate and Resilience Strategy. No additional contractual requirements linked to the Project plans climate and resiliency strategy are included.	NYSERDA is considering requiring regular updates and contractual commitments to implement the climate adaptation and resiliency strategies presented in the proposal.
Energy Storage	Not included in RFP.	NYSERDA does not intend to include energy storage in ORECRFP24-1.

Topic	ORECRFP23-1 Approach	Contemplated ORECRFP24-1 Approach
Fossil Repurposing	Not included in RFP.	NYSERDA intends to incorporate similar requirements and contract provisions that applied to proposals that contemplated an “Affected Resource” in ORECRFP22-1, including terms similar to Section 12.16 of the ORECRFP22-1 OREC PSA .

B. Major Component Pre-Qualification and OREC Conditional Purchases

Considering Governor Hochul’s announcement of New York’s 10-Point Action Plan and NYSERDA’s April 19, 2024 update regarding [ORECRFP22-1](#), NYSERDA plans to launch a primary component offshore wind supply chain solicitation (OSWSCRFP24-2) to distribute \$300 million⁶ in New York State grant funding for utilization by and in coordination with offshore wind projects participating in ORECRFP24-1. To support such utilization, NYSERDA plans to issue a Request for Qualifications (RFQL) to qualify and make known specific supply chain facilities eligible for inclusion in proposals submitted to ORECRFP24-1. Proposers to ORECRFP24-1 will be permitted to make economic benefits claims to support their proposals in the form of “RFQL Purchase Commitments” as further described below.

Qualification through the RFQL **will not entitle** a supply chain facility to receive New York State grant funding through OSWSCRFP24-2. In addition, OSWSCRFP24-2 participants will **not be required** to pre-qualify through the RFQL to participate and receive New York State grant funding through OSWSCRFP24-2. However, supply chain projects that qualify through the RFQL and receive RFQL Purchase Commitments in ORECRFP24-1 are generally expected to be evaluated favorably in OSWSCRFP24-2 compared to supply chain projects without RFQL Purchase Commitments given the higher viability due to certainty of product sales.

The following table sets forth key information that supply chain facilities will be required to provide NYSERDA during the pre-qualification process and that will be made available to ORECRFP24-1 proposers:

⁶ OSWSCRFP24-2 will make available \$300 million in New York State grant funding and may make available additional funds not distributed in OSWSCRFP24-1.

Table 2. Prequalification facilities information for ORECRFP24-1 proposer consideration

RFQL Pre-Qualification Field	Description of RFQL Qualified Facility A	Description of RFQL Qualified Facility B	Description of RFQL Qualified Facility C
Specific component production (blades, nacelles, towers, foundations, cables, power conditioning equipment, etc.)			
Number of identified sub-suppliers, including how many will be localized and estimates of sub-supplier jobs created			
Technology proof such as product certification, market readiness, or number products sold with performance track record			
Project size, including total project cost, size of total private investment, and minimum grant funding sought			
Estimated facility offtake and, if applicable, minimum purchase requirements (in MW) to ensure return on investment			
Estimated facility production, or maximum capacity to serve the market (in MW per time period)			
Customer sponsorship and demonstration of project need and maturity to enter the market			
Site control and landowner sponsorship			
Estimated timeline, including start of production and ramp up time for products			

After the pre-qualification process, NYSERDA will share the information submitted by facilities that pre-qualify (“RFQL Qualified Facilities”) in the above table with ORECRFP24-1 proposers, who may then elect to include conditional purchase commitments from RFQL Qualified Facilities (“RFQL Purchase Commitments”) in their Proposal submission. Up to 5 out of the 20 Economic Benefits points will be awarded based on the quality of RFQL Purchase Commitments, and the evaluation of Offer Price will take into account the OREC offer price changes (if any) that would occur if the RFQL Purchase Commitments are fulfilled (as further described below).⁷

Given their unique and conditional nature, RFQL Purchase Commitments will be listed and evaluated separately from all other Economic Benefits. Each RFQL Purchase Commitment will be included in the OREC Purchase and Sale Agreement as an additional dollar amount of Expected Total Dollars⁸ that will become effective and binding⁹ only if the relevant RFQL Qualified Facility (i) is awarded funding in

⁷ NYSERDA is considering what methodology to employ in price evaluation to properly account for the potential for OREC price to change due to implementation of RFQL Purchase Commitments.

⁸ Total expenditures for RFQL Purchase Commitments will **not** be broken out into subcategories.

⁹ NYSERDA is considering what the appropriate contractual remedy should be for failure to fulfill RFQL Purchase Commitments that become binding.

OSWSCRFP24-2 by NYSDERDA and (ii) becomes available by the times indicated in the above information provided by RFQL Qualified Facilities and shared by NYSDERDA.

The following table sets forth key information that ORECRFP24-1 Proposers will be required to provide with respect to each RFQL Qualified Facility:

Table 3a. Information provided in ORECRFP24-1 submissions on commitments to prequalified facilities

RFQL Qualified Facility	RFQL Purchase Commitment? (Yes/No)	For RFQL Purchase Commitments		
		Conditional Total Expected Dollars	Offer Price Change if Realized	Mutual Exclusivity
Facility A				
Facility B				
Facility C				
Facility D				
Facility E				

For each RFQL Purchase Commitment, ORECRFP24-1 Proposers may include a change to the Offer Price, if any, that would be made if the Project fulfills that particular RFQL Purchase Commitment. Proposers will also indicate whether each RFQL Purchase Commitment is mutually exclusive with any other RFQL Purchase Commitment (for example, if there are two RFQL Qualified Facilities that produce the same component, a Proposer may wish to make a RFQL Purchase Commitment for each RFQL Qualified Facility but would only be able to ultimately fulfill one or the other RFQL Purchase Commitment depending on which RFQL Qualified Facility comes to fruition).

Table 3b. Illustrative example of information provided in ORECRFP24-1 submissions on commitments to prequalified facilities

RFQL Qualified Facility	RFQL Purchase Commitment? (Yes/No)	For RFQL Purchase Commitments		
		Conditional Total Expected Dollars	Offer Price Change if Realized	Mutual Exclusivity
Facility A	Yes	\$700 million	+\$1.25	Facility E
Facility B	No	N/A	N/A	N/A
Facility C	Yes	\$500 million	-\$0.25	None
Facility D	Yes	\$300 million	\$0.00	None
Facility E	Yes	\$900 million	-\$0.75	Facility A

C. OSWSCRFP24-2 Design

NYSDERDA currently expects that OSWSCRFP24-2 will be broadly similar to the structure of [OSWSCRFP24-1](#), with the following key potential differences:

Table 4. NYSERDA design elements of the 2024 offshore wind supply chain solicitations

Topic	\$200 million Supportive Manufacturing and Logistics RFP OSWSCRFP24-1	\$300 million Major Component Supply Chain RFP OSWSCRFP24-2
Evaluation Tracks and Award Groups	Two separate tracks for each Ports and Manufacturing. Final selection is made on a review of portfolios that could include projects from one or both tracks.	Single submission and evaluation track intended for major component manufacturing. No secondary portfolio evaluation for award selection.
Total funding made available	\$200 Million; target to award up to \$100 million for each Track (Port Infrastructure and Supply Chain Manufacturing).	\$300 million plus any funds not distributed through OSWSCRFP24-1.
Funding request per proposal	\$1 million to \$100 million for Port Infrastructure Track \$1 million to \$50 million for Supply Chain Manufacturing Track	Minimum of \$50 million and up to \$300 million
Target facility	Logistics ports and sub-component manufacturing	Primary or subcomponent manufacturing
Funding Ratio ¹⁰	Minimum 2:1 of Non-NYS Funding: NYS Funding	Minimum 3:1 of Non-NYS Funding: NYS Funding
Offtake Agreements	Offtake agreements are evaluated favorably but not a requirement to propose.	Proposers must show industry validation and include a minimum of one letter of interest from an offshore wind developer or OEM. More advanced negotiations will be evaluated favorably. RFQL Purchase Commitments from offshore wind projects are not required but will be evaluated favorably.
Operational Dates	No strict operations date. Proposals must demonstrate the timeline to the project being operational will support the near-term offshore wind industry.	Facilities should aim to supply products as early as possible but production must begin by 2030 at the latest.
Project Size	Minimum total project cost of \$3 million.	Minimum total project cost of \$200 million. Project must also be able to serve multiple offshore wind projects simultaneously.

¹⁰ For this purpose, NYS Funding includes any funding from New York State, including grant funding requested through OSWSCRFP24-1, as well as funding provided by other New York State Agencies.

III. Content of Response

Responses should be concise and focus on areas in which the respondent has a particular interest or expertise. Please limit your response to 10 pages or less. Respondents should not seek to answer all questions but focus on questions relevant to their participation in ORECRFP24-1, the OSWSC RFQL, OSWSCRFP24-2, and/or their field of expertise. Respondents are also welcome to provide feedback on any of the design elements of ORECRFP24-1, the OSWSC RFQL and/or OSWSCRFP24-2 described in Section II above, even if not referenced in the questions.

Responses should include, and NYSERDA reserves the right not to review or consider responses that do not include, the following information and items:

- Respondent's name, affiliation, title, and primary contact information.
- Identify and provide general background about your organization, noting whether your organization is a potential proposer into ORECRFP24-1 (and/or future NYSERDA OREC RFPs generally) or the planned future Offshore Wind Supply Chain Request for Qualifications or Request for Proposals (OSWSC RFQL or OSWSCRFP24-2).
- Each page of the response should include a header stating the name of the respondent.
- Where applicable, comments should include the RFI Section IV question number to which it refers.
- Respondents should designate information intended to remain confidential as "Confidential" or "Proprietary." Respondents should not mark their entire response as "Confidential" or "Proprietary" unless there are no contents whatsoever that are not confidential.

IV. Specific Questions Seeking Stakeholder Feedback

Respondents are not required to answer all questions and should focus on questions relevant to their participation in ORECRFP24-1, the OSWSC RFQL, OSWSCRFP24-2, and/or their field of expertise. Respondents are also welcome to provide feedback on any of the design elements of ORECRFP24-1, OSWSC RFQL and/or OSWSCRFP24-2 described in Section II above, even if not referenced in the questions below.

A. ORECRFP24-1 Design

Structure, Timing, and Eligibility

1. What is your organization's level of interest in proposing into ORECRFP24-1 if launched in June 2024 with proposals due in September 2024?
 - a. How do other state offshore wind procurement timelines interact with your participation or potential participation in New York's next OREC RFP? What level of coordination should there be with other states? What considerations should NYSERDA make when planning the timeline of the next OREC RFP?
 - b. Does the proposed timeline enable 2030 project CODs? If not, how can the timeline be adjusted to do so?

2. How should NYSERDA evaluate track record of development and operations in New York State? Are there eligibility or evaluation criteria which may address previously awarded offshore wind projects?
3. Is NYSERDA's proposed two-step proposal submission process, under which Offer Prices would be collected in a separate step after submission of non-price elements of the proposal, appropriate?
 - a. How long should Proposers be given after receiving information from NYSERDA to submit offer pricing? What else should NYSERDA consider in designing this aspect of ORECRFP24-1?
4. Should NYSERDA establish a waitlist of proposals which may be contacted if initial awardees do not successfully negotiate contracts? What should NYSERDA consider in the design of such a waitlist process?
5. Should NYSERDA constrain proposals to single projects between 800 and 1,400MW?

Transmission

6. Regarding the pending [New York City Offshore Wind Public Policy Transmission Need Project Solicitation](#) (NYC PPTN):
 - a. How does the NYC PPTN impact your project development plans?
 - b. What provisions should NYSERDA consider including in the OREC PSA that could encourage projects with CODs close to the planned in-service date for the NYC PPTN to utilize the PPTN infrastructure in cases where it makes commercial sense to switch POI?
 - c. Should NYSERDA align the RFP submission deadline with any particular milestone in the NYISO's evaluation and selection process for the NYC PPTN? If so, how?
7. Are the proposed cable limitations for Zone J (up to one HVDC cable) appropriate given the forthcoming NYC PPTN?
8. How do zonal injection limitations impact your interest or strategy to propose into ORECRFP24-1?
 - a. How do limits on Zone J interconnection impact your consideration of ORECRFP24-1?
 - b. What is your interest in utilizing interconnection points in Zone K?
 - a. Does the fact that Zone K interconnections may be disallowed in the OREC solicitation to follow ORECRFP24-1 influence your decision to participate in ORECRFP24-1?
 - c. What is the perceived project on project risk with interconnection in Zone K?
 - d. Should NYSERDA consider a limitation for Zone K injection?
9. How can the Offshore Transmission System Integration and Adjustment provision included in OREC PSA section 5.06 be improved?
 - a. Should NYSERDA incorporate a binding dispute resolution concept similar to Section 4.03(c)(iii) of the [Tier 4 REC Agreement with Clean Path New York](#)? Why or why not?
 - b. How should offshore wind projects with CODs that are close to the planned in-service date for the NYC PPTN and that might achieve ratepayer savings by changing the Injection Point to utilize the NYC PPTN be treated?
10. Are there specific supply chain or other limitations that impact your project's ability to deliver on the Meshed Ready Technical Requirements?
11. Should NYSERDA allow for alternate Proposals where multiple projects are connected to each other offshore? How should NYSERDA consider multiple projects within the same lease area which can "self-mesh" and link their offshore substations?
12. What adjustments to the [Meshed Ready Technical Requirements](#) should NYSERDA consider?

Economic Benefits

13. Is an Economic Benefits Start Date of January 1, 2024 appropriate?

Contracting

14. What is an appropriate amount for NYSERDA to require for Award Security based on industry best practice and to incentivize successful and swift contract negotiation? How does Award Security impact Offer Price?
15. Are the levels being considered for Contract Security in line with industry standards? How would increasing the contract security impact the Offer Price?
 - a. Does increasing the contract security provide further incentive to complete the project as proposed?
 - b. What considerations should NYSERDA be aware of in considering doubling the amount of required contract security compared with the levels in ORECRFP23-1?
16. How should NYSERDA approach the sequence of contract negotiation to facilitate signing a contract in as little time possible following award notification?
 - a. What is an optimal sequence and timing of award notification and public announcement and contract finalization?
 - b. What details or key proposal metrics should be included or withheld from announcements and why?
 - c. How much time is required to complete contracting after award?
 - d. Is the proposed approach to providing feedback on the OREC PSA appropriate?
17. Regarding contract timeline incentives:
 - a. How can project development milestones be integrated into the contract to ensure projects advance apace while not overly burdening the OREC Offer Price with developer risk premium?
 - b. Is it appropriate for NYSERDA to have the right to retain contract security in lieu of termination in the event that key milestones are missed? If so, what is an appropriate level of contract security for NYSERDA to retain?
 - c. Are the proposed extensions to the Outer Limit Date and other contractual milestones appropriate and sufficient? How should they be augmented, cut back or otherwise changed?
 - d. Are the proposed timelines allotted for the contractual milestones realistic?
 - e. Should the milestones described in the Contractual Deadlines and Events of Default section of the table in Section II.A (SRIS, Interconnection Agreement, COP submittal, etc.) be maintained, removed, or augmented?

Offer Price Adjustments

18. Is there any reason not to apply the Inflation Adjustment to all proposals (i.e., for no adjustment to no longer be a permitted proposal variant)?
19. How else can NYSERDA improve the Inflation Adjustment mechanism in the RFP? Please reference Section I of Appendix A to this RFI for the proposed Inflation Adjustment mechanism.
 - a. Are the levels of the composite indicators weighted sufficiently to reflect the project cost exposure?
 - b. What are available indicators to reflect transport risks? Do transport risks include installation vessel and maintenance vessel fuel?
 - c. Is it appropriate to use U.S.-based indices only? Should NYSERDA consider also incorporating global indices for global commodities? If so, why, for what elements and what should the split be?
 - d. Should NYSERDA consider using a blend of copper and aluminum indices as cables can use either material? If so, would a 50:50 weighting be appropriate?

- e. Should a different indexing weighting apply for HVDC and HVAC projects to reflect the different cost proportions?
 - a. Are there other major differences between projects where a different split of index weighting should apply? If so what and what difference should there be in the split and why?
 - f. Are there other elements in addition to those listed in Appendix A that should be indexed? If so what and what unit and index should NYSERDA use?
 - g. Are there any specific elements in Appendix A that should be not indexed? If so what and why?
 - h. NYSERDA is considering renaming the more general category of 'Fabrication' as 'Other Indexable' to more clearly account for other elements of supply not explicitly mentioned as an element. As noted in Appendix A, NYSERDA is considering indexing that element with CPI. Is that appropriate and if not what index or combinations of indexes would be more appropriate?
 - i. NYSERDA is proposing to add indexing for Electricity and for Transport. Do you agree with these additions and if so, are the proposed indices appropriate or if not what indices should be used?
20. Should NYSERDA consider applying a cost of capital adjustment?
- a. Is the approach NYSERDA is considering for adjusting to reflect the impact of changes to the cost of capital appropriate? If not, how should it be adjusted?
 - b. Does the *Cost of capital adjustment* formula NYSERDA is considering appropriately capture the impact of changes to the cost of capital on OREC price? If not, how should it be adjusted?
 - c. NYSERDA is considering using the Effective Federal Funds Rate as the interest rate used in the *Cost of capital adjustment* formula. Is this appropriate? If not, what is appropriate?
21. Is the proposed new contract provision allowing for the inflation adjustment formula to be adjusted portfolio-wide in the event the formula diverges from the expected breakdown of offshore wind LCOE compared with that at the time of proposal submission due to events beyond projects' control appropriate? If not, how should it be adjusted?
22. What considerations should NYSERDA take to standardize the Interconnection Cost Sharing mechanism in the RFP? Please reference Section I of Appendix A to this RFI for the proposed Interconnection Cost Sharing mechanism.
- a. What thresholds for cost sharing are appropriate to use? Is the proposed 1.5 times the Interconnection Cost Allocation Baseline sufficient?
 - b. Is the proposed NYSERDA cost share of 50%, with no limit to the total cost incurred, sufficient to mitigate risk for developers and avoid unnecessary price premia in OREC prices?
 - c. Should there be a maximum limit to NYSERDA cost sharing, for example, NYSERDA may share in the Interconnection costs between 1.5 and 4 times the Interconnection Cost Allocation Baseline, and developer is responsible for any costs beyond 4 times the Interconnection Cost Allocation Baseline?
 - d. How else can interconnection cost sharing mechanism be made more effective to manage risks faced by developers?
 - e. Should Interconnection Cost Sharing be made mandatory for proposers, or remain an option? Should Proposals be required to be submitted only with or without Interconnection Cost Sharing, or should Proposers be allowed to submit two alternate Proposals, with and without Interconnection Cost Sharing at the step two submission of offer price?
23. Can the Interconnection Cost Adjustments as described in OREC PSA Section 5.04 be improved?

24. Is the approach to sharing the incremental benefit of LPO-backed financing appropriate? How much of the incremental benefit should be applied to a reduction in OREC price?

Reporting

25. Are there elements of the contractual reporting requirements, particularly those set forth in Section 6.02 and Exhibit K of the [OREC PSA](#), that are either overly burdensome or that should be augmented? Please include specific reasons for any proposed changes.
26. How do the reporting requirements as set forth in Section 6.02 and Exhibit K impact the offer price or other project economics?
27. How can the reporting requirements be made more effective and capture the project progress and alignment with the proposal commitments?

Climate Adaptation and Resiliency

28. What design standards are already required or are best practices in the industry that support climate resiliency goals? Climate resiliency refers to preparing the project to operate and deliver upon project goals under the climate conditions anticipated at the end of the useful life of the project.
29. What role does insurance play in supporting climate resiliency goals? What risk tolerance has been determined as acceptable? Do additional resiliency measures and system hardening improve insurance or financing terms for projects?
30. Are there existing requirements for design criteria in the industry that explicitly include future climate projections (ex. extreme storms, wave action, extreme heat, sea level rise)?
31. Are there industry standards for the anticipated useful life of each project component (WTG, tower, foundation, converter station, cabling, ports, O&M facility)? If not, what are common assumptions?
32. Are you aware of where to find future climate data relevant to these projects? If so, what sources are used?
33. What data is missing for a project to fully incorporate consideration of future climate risk (ex. future floodplains, sea level rise, wind speed changes, extreme storms, extreme heat)? What form of data is most useful?
34. What risk threshold would be most appropriate for these projects (for example, 2080s 90th percentile sea level rise projections)?
35. Are you aware of NYSERDA's OSW Climate Adaptation and Resilience Study (available here: <https://www.nyserda.ny.gov/All-Programs/Offshore-Wind/Focus-Areas/Impacts-and-Benefits>)? What components would be easiest to incorporate into future proposals? What components are most challenging to implement and what would address this challenge?

B. Integration of Major Component Pre-Qualification and OREC Conditional Purchases

Structure, Timing, and Eligibility

36. What is your organization's level of interest in participating in a pre-qualification process for supply chain projects to be leveraged by offshore wind developers?
- a. For major component manufacturers, are you able to participate in the pre-qualification process beginning in June 2024? What timeframe is necessary and ideal for a primary component manufacturer to develop an application in response to the RFQL?

- b. For major component manufacturers, is 45 days sufficient timing to submit the required RFQL information to be pre-qualified by NYSERDA?
 - c. For offshore wind developers, is 30 days following receipt of the pre-qualification results sufficient time to incorporate purchase commitments in your OREC proposal?
 - d. What are key sequencing and timeline needs to ensure the NYSERDA procurements align with business development cycles of suppliers and OSW developers?
37. What advantages or disadvantages does the pre-qualification process have to your strategy?
38. How should NYSERDA consider the track record of manufacturing localization for previously awarded or previously proposed offshore wind major component manufacturing facilities in New York or elsewhere?
39. How should the pre-qualified facilities be communicated to ORECRFP24-1 Proposers? Please consider the process described in Section II.B of this RFI, above.
- a. How much information about the pre-qualified facilities should be shared with ORECRFP24-1 Proposers?
 - b. Should the list of pre-qualified facilities resulting from the RFQL be made public during the ORECRFP24-1 process, after the ORECRFP24-1 announcement, or not at all?

Pre-Qualification Submission Content

40. What threshold criteria should be included in the OSWSC RFQL? Please describe appropriate threshold levels or milestones as well as the industry need or rationale. Threshold criteria could include the following:
- a. A requirement that the component produced be one of an enumerated list of allowed components (e.g., blades, nacelles, tower, foundation, cable, power conditioning equipment)
 - b. Scale of sub-supplier localization and job creation
 - c. Technology proof such as product certification, market readiness, or number products sold with performance track record
 - d. Project size such as total project cost, size of total investment, or minimum grant funding sought
 - e. Demonstration of local, regional and/or global cost-effectiveness
 - f. Estimated facility offtake, or purchase requirements to ensure return on investment (in MW)
 - g. Estimated facility production, or maximum capacity to serve the market (in MW)
 - h. Customer sponsorship and demonstration of project need and maturity to enter the market
 - i. Site control and landowner sponsorship
 - j. Estimated timeline, including start of production and ramp up time for products
41. How much flexibility should be provided between an approved pre-qualification proposal and the final OSWSCRF24-2 proposal? Which terms should or should not be flexible? This could include:
- a. Component specifications
 - b. Subcomponent localization
 - c. Output capacity
 - d. Total project costs
 - e. Project site location
 - f. Project schedule

Approach to ORECRFP24-1 Evaluation and Contracting of RFQL Purchase Commitments

42. How should NYSERDA evaluate the conditional commitment to purchase major components from pre-qualified facilities?
 - a. Should RFQL Purchase Commitments be evaluated quantitatively, qualitatively or both? What qualitative aspects RFQL Purchase Commitments should be taken into account for economic benefits evaluation?
 - b. Is 5 out of 20 total Economic Benefits points appropriate for RFQL Purchase Commitments? What is an appropriate weighting for commitments of this nature?
43. NYSERDA is considering evaluating one composite Offer Price for each proposal that includes price modifiers related to RFQL Purchase Commitments. How should NYSERDA assess Offer Price in light of the uncertainty in final pricing? For example, should NYSERDA utilize an average of all potential prices resulting from consummating or not consummating RFQL Purchase Commitments, or should the price prior to adjustment due to consummating RFQL Purchase Commitments be given more weight?
44. Alternatively, should NYSERDA consider only economic benefits associated with RFQL Purchase Commitments and not evaluate and/or allow for price differences within a small deviation from the base proposal? If so, what minimum deviation should be allowed and/or taken into account in evaluation?

C. OSWSCRFP24-2 Design

45. What is your organization's level of interest in participating in a \$300 million Major Component Manufacturing Supply Chain RFP (OSWSCRFP24-2) with proposals due in early 2025?
 - a. How important are early commitments, such as those provided through the pre-qualification process, to your projects' viability?
 - b. What are key sequencing and timeline needs to ensure the NYSERDA procurements align with business development cycles of suppliers and OSW developers?
 - c. How long after the ORECRFP24-1 awardees are known should the OSWSCRFP24-2 proposals be due to ensure inputs from offshore wind developers inform the proposal submissions?
46. Which, if any, primary components should be prioritized through OSWSCRFP24-2?
 - a. Should the OSWSCRFP24-2 target logistics needs outside of primary component manufacturing?
 - b. Are NYSERDA's minimum and maximum fund request thresholds (\$50 million and \$300 million, respectively) sufficient to develop the proposed target investments areas? If not, what thresholds are necessary to ensure development and competitive production of manufactured components?
47. Is the proposed minimum funding ratio, which would limit New York State Funding to a maximum 25% of total Project cost, sufficient to incentivize private investment? Will this ratio prohibit participation?
48. How can NYSERDA incentivize and maximize the impact of NYS grant funding to support direct, indirect and induced benefit for MWBE, SDVOB and DAC businesses?
 - a. How should NYSERDA account for the benefit to New York State of sub-suppliers localizing or existing suppliers transitioning into the market due to commitments received from a primary component supplier that obtains grant funding? How should NYSERDA evaluate those benefits if a contractual commitment among those suppliers is not established at the time of proposal submission into OSWSCRFP24-2?

49. What is a reasonable timeframe for facilities to be initially and fully operational?
50. What scale of component is right sized for New York State and to support offshore wind growth both regionally and globally?
 - a. Is there an ideal turbine MW capacity which will be more competitive on the global market?
 - b. Is there a radial cable carrying capacity which is most competitive on the global market or right sized for the industry? How about inter-turbine array cables?
 - c. Are there other electrical conditioning component investments that should be considered?
 - d. Is there a specific turbine or other primary component technology which is more durable and resilient? How so?
51. How should NYSERDA value primary component manufacturer designs that scale up or future proof the manufacturing process to grow as the offshore wind industry advances?
52. Considering offtake requirements to substantiate a business case, what propensity and interest is there for developing contract manufacturing facilities for primary component production?
53. Is there a grant distribution mechanism that is particularly advantageous to reduce finance, insurance or other costs?
54. Is there another financing mechanism besides grant funds that would be particularly advantageous to the growth of the local supply chain in furtherance of the Climate Act goals?
 - a. What would be the financing mechanism, how would it work, and what would be the advantages, or what problem would be solved?
 - b. Could the mechanism apply to all projects, or are alternative financing mechanisms best suited based on project type?
55. Is there another form of partnership with the State, besides providing direct financial support in the form of grant funding, that would be particularly advantageous to the growth of the local supply chain in furtherance of the Climate Act goals (e.g., State issued revenue bonds, sale-leasebacks etc.)?
 - a. What would be appropriate form(s) of partnership, how would it work, and what would be the advantages, or what problem would be solved by utilizing such form(s)?
 - b. Would the form of partnership reasonably apply to all projects, or is there a particular project type that is best suited?

V. General Conditions

The information gathered by NYSERDA will be advisory only and is not binding on NYSERDA or any other state agency, office, commission, or public authority. Responses will become the property of NYSERDA. Any actions recommended by NYSERDA will be subject to all applicable laws, including procedural, regulatory and environmental review requirements.

This RFI is neither a contract offer, nor a request for proposals and does not commit NYSERDA to award a contract, pay any costs incurred in preparing a response, or to procure or contract for services or supplies. Respondents are encouraged to respond to this RFI; however, failure to submit a response will not impact a respondent's ability to respond to any future competitive solicitation process, or influence the selection of a proposer going forward or affect its rights and obligations under any applicable laws or in any legal proceeding. NYSERDA reserves the right to discontinue or modify the RFI process at any time, and makes no commitments, implied or otherwise, that this process will result in a business

transaction or negotiation with one or more respondents. All costs associated with responding to this RFI will be solely at respondents' expense.

Appendix A

I. Inflation and Cost of Capital Adjustments

NYSERDA intends to maintain the method of adjusting Index OREC Strike Price or Fixed OREC Price for inflation, as described in ORECRFP23-1, and, as noted in Section II.A of this RFI, NYSERDA is considering making the adjustment mandatory. Proposed modifications to the formula are described in the section “Inflation Adjustment” below. In addition, NYSERDA is considering whether to incorporate a new mechanism to adjust for changes in the cost of capital, and a potential adjustment mechanism for that purpose is presented in the section “Cost of Capital Adjustment”.

Inflation Adjustment

This section describes changes that NYSERDA is considering to the formula implementing the inflation risk adjusted pricing mechanism described in ORECRFP23-1 Section 4.2.2 as well as Section 5.03 and Exhibit Q of the form OREC Purchase and Sale Agreement.

NYSERDA is considering altering the composite index used in ORECRFP23-1 illustrated below under the column “ORECRFP23-1 weighting” to utilize the weightings described below under the column “Proposed ORECRFP24-1 Weighting”:

Element	ORECRFP23-1 Weighting (%)	Proposed ORECRFP24-1 Weighting (%)	Units, Frequency	Index
Labor	30	30	Unitless index, monthly	U.S. BLS, Employment, Hours, and Earnings from the Current Employment Statistics survey, Data Series CES2000000003, Average hourly earnings of all employees, construction, seasonally adjusted
Fabrication	25	0	Unitless index, monthly	U.S. BLS, PPI, Data Series PCU811310811310, Commercial machinery repair and maintenance
Steel	10	15	Unitless index, monthly	U.S. BLS PPI, Data Series PCU331110331110, Iron and steel mills and ferroalloy mfg, not seasonally adjusted
Fuel	10	7.5	\$/gal, daily	New York Harbor Ultra Low Sulfur No 2 Diesel Spot Price published by U.S. Energy Information Administration, Petroleum & Other Liquids Data https://www.eia.gov/dnav/pet/PET_PRI_SPT_S1_D.htm , daily price for last trading day of the month
Copper / aluminum	5	10	\$/lb, daily	COMEX, spot price on last trading day of month for prompt month, split 50:50 among copper and aluminium
Electricity	0	2.5	\$/MWh	Monthly load-weighted average LBMP price published by the NYISO as part of the Market Performance Highlights in the CEO/COO report included as part of the monthly

				Management Committee; https://www.nyiso.com/management-committee-mc-
Transport	0	5	Unitless index, monthly	FBX21 global ocean freight container pricing index https://terminal.freightos.com/freightos-baltic-index-global-container-pricing-index/
Other indexable	0	10	Unitless index, monthly	CPI https://www.bls.gov/cpi/
Other (Fixed)	20	20	-	None
Total	100	100		

The above approach contemplates increasing the weightings of steel and copper to comprise a larger portion in the inflation adjustment formula, from 10% to 15% and from 5% to 10% respectively, to reflect the importance of those inputs on overall project costs particularly for projects in deeper waters and with longer export cable routes.

New indices are also being proposed to be added for transport and electricity, reflecting the relevance of these costs to project component procurement, construction and operations. Transport reflects distinct project exposure, separate from those captured for fuel, and is used to reflect global dynamics of vessel-specific supply and demand. Finally, NYSDA is considering replacing the “fabrication” index and to instead include a CPI “Other indexable” element to capture other general costs subject to inflation. NYSDA is considering maintaining the portion of the inflation adjustment formula that remains fixed at 20%.

Following substantially the same process described in ORECRFP23-1, the Proposal Offer Price would be adjusted between the Proposal Offer Price submission deadline and BOEM approval of the Project’s COP. The weighting for each commodity or component in the composite index would be standardized across all proposals. The Index OREC Strike Price or Fixed OREC Price for the Inflation Adjusted Proposal would be calculated as:

$$OREC_{adj} = OREC_{bid} \times (Inflation\ Adjustment)$$

where:

$OREC_{adj}$ is the Index OREC Strike Price or Fixed OREC Price after adjustment at the Project’s COP approval

$OREC_{bid}$ is the Index OREC Strike Price or Fixed OREC Price as submitted with the Proposal

Inflation Adjustment

$$= \left(0.3 \times \frac{Index_{T,Labor}}{Index_{B,Labor}} + 0.15 \times \frac{Index_{T,Steel}}{Index_{B,Steel}} + 0.075 \times \frac{Index_{T,ULSD}}{Index_{B,ULSD}} \right. \\ + 0.10 \times \frac{Index_{T,Copper/Aluminum}}{Index_{B,Copper/Aluminum}} + 0.025 \times \frac{Index_{T,Electricity}}{Index_{B,Electricity}} \\ \left. + 0.05 \times \frac{Index_{T,Transport}}{Index_{B,Transport}} + 0.1 \times \frac{Index_{T,CPI}}{Index_{B,CPI}} + 0.2 \right)$$

$Index_B$ (for each commodity or element) is the price or unitless index published by NYSDERDA four weeks prior to the Proposal Offer Price submission deadline
 $Index_T$ (for each commodity or element) is the price or unitless index at the time of the Project's COP approval

Cost of Capital Adjustment

This section outlines a proposed adjustment mechanism to account for changes in the cost of capital between proposal submission and COP approval.

Changes in the cost of capital can have a material impact on offshore wind project LCOE, and NYSDERDA recognizes that the cost of capital may vary greatly between Projects based on their unique characteristics. In addition, some Projects may have their cost of capital reduced even after COP approval, final investment decision, construction and commencement of operations, through refinancings that can be carried out if and when financing terms become more favorable.

Given these complexities, NYSDERDA is exploring if and how to account for changes to the cost of capital in an OREC Strike Price adjustment formula and is also considering whether the magnitude of a cost of capital adjustment mechanism, if included in ORECRFP24-1, should potentially be lower than the total impact that changes in the cost of capital would have on offshore wind project LCOE.

Specifically, NYSDERDA is considering augmenting the existing inflation adjustment formula with an additional new adjustment meant to capture changes in the cost of capital, in the following manner:

$$OREC_{adj} = OREC_{bid} \times \text{Inflation adjustment} \times \text{Cost of capital adjustment}$$

where:

$OREC_{adj}$ is the Index OREC Strike Price or Fixed OREC Price after adjustment

$OREC_{bid}$ is the Index OREC Strike Price or Fixed OREC Price as submitted with the Proposal

Inflation adjustment is the adjustment factor accounting for changes in commodity prices between Proposal Offer Price submission and COP approval as described in the "Inflation Adjustment" section above

Cost of capital adjustment is the adjustment factor accounting for a change in interest rates between Proposal Offer Price submission and COP approval

For the new *Cost of capital adjustment*, NYSDERDA is considering utilizing the following formula:

$$\text{Cost of capital adjustment} = 11.4 \times \left(\frac{1 + i_T}{1 + i_B} \right)^2 - 17.5 \times \left(\frac{1 + i_T}{1 + i_B} \right) + 7.1$$

where:

i_B is the interest rate published by NYSDERDA four weeks prior to the Proposal Offer Price submission deadline

i_T is the interest rate at the time of the Project's COP approval

NYSERDA is considering using the Effective Federal Funds Rate as the interest rate for purposes of i_B and i_T in this formula.

Below is an illustrative example of the application of this *Cost of capital adjustment* formula:

Interest rate published by NYSERDA four weeks prior to the Proposal Offer Price submission deadline, $i_B = 4\%$

Interest rate at the time of the Project's COP approval, $i_T = 5\%$

$$\text{Cost of capital adjustment} = 11.4 \times \left(\frac{1 + 5\%}{1 + 4\%} \right)^2 - 17.5 \times \left(\frac{1 + 5\%}{1 + 4\%} \right) + 7.1$$

$$\text{Cost of capital adjustment} = 11.4 \times (1.009615)^2 - 17.5 \times (1.009615) + 7.1$$

$$\text{Cost of capital adjustment} = 1.052$$

The above *Cost of capital adjustment* formula was derived through modelling the impact of various interest rate change scenarios on LCOE for a representative offshore wind project, using the following assumptions:

Parameter	Assumed value
Debt share	70%
Equity share	30%
Cost of equity	8%
Tax rate	21%
Project lifetime (years)	30
CAPEX LCOE contribution (@ 5% nominal WACC)	76%
OPEX LCOE contribution (@ 5% nominal WACC)	24%

NYSERDA welcomes feedback on the proposed formula, including the assumptions used in deriving it. Although the assumptions will never perfectly match every project's actual characteristics, NYSERDA's goal is to create a formula that is sufficiently representative of offshore wind projects proposed into ORECRFP24-1 such that it will (i) materially reduce risk to proposers, leading to a reduced risk premium in Offer Prices, and (ii) enable appropriate ratepayer savings if interest rates decrease materially between proposal submission and COP approval.

II. Interconnection Cost Sharing

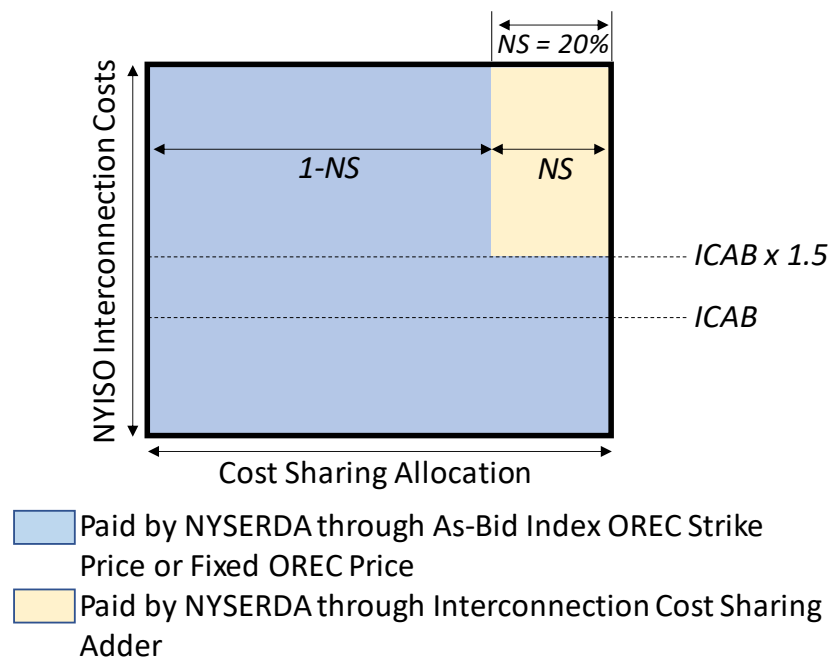
This section describes changes that NYISERDA is considering to the Interconnection Cost Sharing mechanism described in ORECRFP23-1 Section 4.2.1 as well as Section 5.04 of the form OREC Purchase and Sale Agreement.

Consistent with the approach described in ORECRFP23-1, for Proposals that include Interconnection Cost Sharing, the evaluated Index OREC Strike Price or Fixed OREC Price would be increased to account for NYISERDA's Interconnection Cost Share.

In ORECRFP24-1, NYISERDA is considering fixing NYISERDA's share of Interconnection Costs at 20% for all costs above the Cost Sharing Threshold, where the Cost Sharing Threshold (the threshold where cost-sharing begins) would be defined as the value that is equal to 1.5 multiplied by the Interconnection Cost Allocation Baseline (ICAB), as established by NYISERDA consistent with the approach described in ORECRFP23-1.

This proposed approach is illustrated in Figure 2 below.

Figure 2. Interconnection Cost Sharing Illustration



The adder to the Index OREC Strike Price or the Fixed Index Price would be calculated as follows:

ICSA = Interconnection Cost Sharing Adder (Nominal \$/MWh)

$$= \frac{AICSR}{AOQ_{P50}}$$

AICSR = Annual Interconnection Cost Sharing Recovery (Nominal \$/year)

$$= NSIC \times AF(DR, CT)$$

AOQ_{P50} = P50 Annual OREC Exceedance (MWh/year)

AF(NDR, CT) = Annuity factor using the NDR (in ORECRFP23-1, set as 7.55%) for the Contract Tenor

NSIC = NYSERDA Share of Interconnection Cost paid through the ICSA (Nominal \$)
 = $\max(0, IC - (ICAB \times 1.5)) \times NS$
 IC = Interconnection Cost Allocation (Nominal \$)
 ICAB = Interconnection Cost Allocation Baseline (Nominal \$) as specified in the Agreement
 NS = NYSERDA Share (via the ICSA) of Interconnection Cost Allocation greater than $ICAB \times 1.5$
 (specified as 20%)