**Addendum 4**

**RFP – Solar Services Agreement**

1. To what extent has Bernhard conducted due diligence into interconnection feasibility and hosting capacity for the university provided sites within the RFP?

Answer: Bernhard has not conducted any site due diligence.

* 1. Interconnection costs will likely be unknown at the time of responding, what assumptions can respondents make given any due diligence already conducted?

Answer: Correct, respondents should use their best judgment to estimate interconnection costs.

1. Regarding Site #4 in Newport, AR. Runways are visible in satellite images, are any of the runways currently active?

Answer: The runways are not in use. The land is currently being used as farmland.

1. Are the services requested within the RFP subject to any wage requirements under the University?

Answer: No. However, UA understands that respondents will be able to maximize the ITC, and therefore offer UA a lower rate, by complying with the wage requirements of the IRA 2022 legislation.

1. Please provide clarity regarding the cost points formula. Specifically, the variable c: maximum points for the cost category. The heading indicates the highest rating shall receive 40 points; the formula details state “maximum points for Cost category (35)”. What are the maximum points possible for the Cost category and what value will be used for variable c?

Answer: The maximum points for Cost category should be 40. This is a clerical error.

* 1. Does the lowest cost proposal receive a bonus 5 points?

Answer: No

1. The Official Price Sheet is to include the Solar Services Charge in $/kWh, while section 11.D states the lowest cost in dollars will be used in the cost evaluation formula. Will the University please provide clarity on what units will be used when evaluating proposal cost? Prices will be compared based on the overall cost.

Answer: Overall cost will be determined by considering the $kWh, escalation rate, and scope.

1. Can the University address how they will evaluate lowest cost proposals when there are multiple options with varying escalation and SSA rates?

Answer: The University will compare the overall economic impact of each component of the proposal over the term of the contract, taking into consideration rates, escalation, and scope.

1. Would the University consider financing and ownership structures other than an SSA if said structure provides more value to the University?

Answer: The University expects responsive bidders to provide a proposal that meet the expectations of the RFP. However, bidders may submit additional alternatives for consideration.

1. Regarding the performance incentives, please confirm the SSA rate proposed by the respondents will be the rate UA will be paying after 10/31/2024?

Answer: Yes, that is correct. After 10/31/2024, the performance rates will revert to the rate proposed by the successful respondent.

* 1. Do you anticipate the SSA rate to beginning on 11/1/2024 and last for 25 years following this date?

Answer: The total term for the output of any given array would be 25 years.

* 1. Can respondents assume the performance incentive rate is the current utility rate?

Answer: No.

* 1. What assumptions are the university making around assumed utility rate escalation?

Answer: Initial analysis did not consider utility rate escalation.

1. Is the University expecting respondents to provide pricing for the investment grade audit within their proposals?

Answer: Any cost for the IGA should be included in the price.

1. Will the University disclose the Crossborder Energy findings? We’re trying to assess the regulatory risk and will affect our pricing strategy.

Answer: Yes, a summary of the findings is included with this addendum.

1. Is the University open to holding all bidders to an industry standard price index to account for inflationary changes over this multi-year process? We feel this would be in the U of A’s favor by putting all bidders on equal standing and allow for apples-to-apples comparison.

Answer: No

1. Are there any sites with ideal battery profiles? We’re looking for sites with demand charges over $15/kW and predictable usage patterns.

Answer: This RFP is not considering batteries.

1. For this RFP requirement, “A discussion of respondent’s capacity to access funding for projects of the size presented in this RFP”, what material would the University specifically expect to see? Signed letters from tax equity investors, sponsor equity, non-recourse debt, and banks offering lines of credit for the full bid amount?

Answer: There are no specific requirements for materials expected. Each respondent is expected to exercise professional judgment in identifying materials that best demonstrate its ability to fund development and completion of its proposal.

Summary of Crossborder Energy’s Report on the Benefits of Net Metering

for the University of Arkansas in the service territories of Entergy Arkansas, Inc., Oklahoma Gas & Electric, and Southwestern Electric Power Company

Bernhard has retained Crossborder Energy (Crossborder) to assist the University of Arkansas (University) in its planning to construct a series of solar projects that would serve the University’s campuses under the Arkansas net energy metering (NEM) rules. Arkansas law[[1]](#footnote-1) and the Net Metering Rule amendments adopted by the Arkansas Public Service Commission (Commission) in its Order No. 28 require net metered projects larger than 1 MW in size to obtain Commission approval that the project(s) will not raise rates for other ratepayers of the utility that serves the accounts that will receive the new solar generation.

The showing that NEM projects will not increase the costs allocated to non-participating ratepayers requires an application of the Commission’s Cost Shift Test adopted in Order No. 28. The Commission’s Cost Shift Test is a variant of the industry-standard Ratepayer Impact Measure (RIM) benefit-cost test. This test is a measure of whether non-participating ratepayers will benefit from demand-side programs that encourage customers to use renewable distributed generation (DG) to serve a portion of their electric loads.

Crossborder’s report assesses the benefits of NEM solar facilities, as they would be applied in the Cost Shift Test, in each of these three utilities’ service territories. The report quantifies, on a forward-looking basis, the following direct benefits for ratepayers that a net-metered solar project will provide:

* Avoided energy;
* Avoided generation capacity;
* Reduced line losses for energy and capacity;
* Avoided transmission capacity;
* Avoided distribution capacity;
* Fuel hedging / market price suppression; and
* Environmental compliance costs.

There is a consensus that the first four of these benefits should be quantified and used in the Cost Shift Test; Crossborder believes that a good case can be made to include the final three benefits as well. For each of the three utilities, Crossborder has quantified these benefits using data and calculation methods that are consistent with those that it has used in three prior applications for approval of commercial or governmental NEM systems larger than 1 MW in the Entergy Arkansas territory. The Commission has approved two of these applications; the third is pending.

Today, avoided energy costs are high, due to the recent increases in fossil fuel prices resulting from the war in Ukraine. The three utilities also all have near-term needs for new capacity. As a result, the University’s new solar projects will produce significant direct benefits for the ratepayers of all three utilities, even if one considers only the first four of the categories of benefits listed above. The report shows that University’s solar projects should pass the Cost Shift Test for all three utilities, with the benefit/cost ratios in the Cost Shift Test likely to be similar to the benefit/cost ratios in the prior NEM applications that the Commission has approved, even without considering the last three categories of quantifiable direct benefits. The University also has a limited ability to tailor the benefit/cost ratios for its NEM projects through the mix of the accounts that the NEM projects will serve; this choice impacts the cost side of the benefit / cost ratio.

*R. Thomas Beach, Principal, Crossborder Energy, October 3, 2022*

1. See Ark. Code Ann. § 23-18-604(b)(9)(B). [↑](#footnote-ref-1)