



COUNTY OF DANE
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
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GREG BROCKMEYER
Director of Administration

CHARLES HICKLIN
Controller

DATE: April 20, 2018
TO: All Proposers RFP# 118029 – Photovoltaic Installation at Dane County Airport
FROM: Megan Rogan, Purchasing Agent
SUBJECT: ADDENDUM #4

MGE has received questions from potential bidders concerning the RFP. The following page contains a memo from MGE in response to the questions

Please acknowledge receipt of this addendum by noting "Addendum #4 Received" on the bottom of the Signature Affidavit when you submit your proposal. If you have any questions regarding this addendum, please contact me at 608-283-1487.

Sincerely,

Megan Rogan
Purchasing Agent



Madison Gas and Electric Company

P.O. Box 1231
Madison, WI 53701-1231
608-252-7000

your community energy company

Cari Anne Renlund

Vice President and General Counsel
608-252-7075

April 19, 2018

Ms. Megan Rogan
Purchasing Agent
Dane County Purchasing Division
Room 425 City-County Building
210 Martin Luther King Jr. Blvd.
Madison, WI 53703-3345

Re: Photovoltaic Installation at Dane County Airport (RFP Number 118029)

Dear Ms. Rogan:

I am writing you on behalf of Madison Gas and Electric Company (MGE) relating to Dane County's RFP Number 118029, Photovoltaic Installation at Dane County Airport.

MGE is excited about the opportunity to partner with Dane County in the development of additional renewable resources in Dane County and to continue our strong, longstanding relationship with the County on energy projects. The project at the Airport may be the first to utilize MGE's Renewable Energy Rider ("RER"), referenced on Page 1 of the RFP. MGE will be required to contract with the Contractor selected by the County, and that contract will need to be approved by the Public Service Commission of Wisconsin ("PSCW"). Since the RER is new for MGE, for our customers, and for the PSCW, we do not know exactly what the RER approval process will entail. MGE has an obligation to ensure that any RER project is cost effective and does not harm non-participating customers. We are confident that we can successfully obtain approval for an RER project structured to achieve those objectives.

MGE has received questions from many potential bidders, as well as Dane County, concerning the RER and the RFP, and we want to ensure that all bidders receive the same information from MGE. There are a few items in the RFP that should be clarified for the benefit of avoiding inadvertent misunderstandings among MGE, Dane County, and the Proposers.

Accordingly, MGE requests that the following clarifications be communicated by the County to all Proposers) in accordance with the procedures the County has established in Section 1.5 of the RFP:

1. **The RER and Wisconsin law require any Contractor PPA to be with MGE.** The RFP indicates that the County and the Contractor (i.e., the successful Proposer) will enter into a Power Purchase Agreement (PPA). However, the RER, approved by the PSCW on July 14, 2017 in its Final Decision in Docket No. 3270-TE-102 (the "PSCW Final Decision") requires that any customer who elects to take service under the MGE Rider must execute an RER-1 Service Agreement with MGE. *See Final Decision in Docket No. 3270-TE-102; MGE Electric Rates and Rules, Renewable Energy Rider, Schedule RER-1, Sheet E-63; http://apps.psc.wi.gov/vs2015/ERF_view/viewdoc.aspx?docid=327993.* This means that any PPA proposed through the RFP will need to be with MGE, not the County.

2. **Electric Rate Offered under the RER will reflect customer specific factors consistent with the RER Rate Schedule.** Wisconsin's Public Utility Code and the PSCW Final Decision require that any individual contract for electric service, including the RER-1 Service Agreement, meet certain criteria, including a provision to ensure the transaction does not harm other non-participating customers and must be approved by the PSCW. *See Section 196.192, Wis. Stats; Final Decision, Page 6.* Specifically, the statute and the Final Decision require the individual agreement under the RER to take into account project and customer specific factors, as well as any other conditions the PSCW may deem appropriate in approving an individual contract. *See Section 196.193(2)(bm)2, Wis. Stats; Final Decision, Pages 6 & 10.*

For this reason, it is important that Proposers be aware that the final price the County will pay under the RER-1 Service Agreement will not be identical to a Proposer's PPA price offer to MGE. The final rate payable by the County regardless of whether it selects a Proposer option that assumes MGE Ownership or a PPA with MGE may be adjusted to take into account such things as operational characteristics of the project, pricing structure of the project, and debt imputed to MGE's balance sheet. It is possible that the lowest unadjusted PPA price offered by a Proposer will not necessarily translate, after adjustment for project specific factors, into the lowest RER-1 Service Agreement rate available to the County.

3. **If Desired, MGE will enter into Build Own Transfer Arrangements.** The MGE Rider permits the County to be served with energy from a renewable resource with power "owned or procured" by MGE. The RFP speaks solely in terms of energy procurement through a PPA. If the County chooses to entertain Proposer options that would require MGE to take ownership of a solar generation facility built by a Proposer and transferred to MGE, MGE is also willing to proceed on this basis. MGE will need to review and approve design, costs and project construction prior to contracting.
4. **Costs associated with interconnecting to MGE's distribution system, any necessary distribution system improvements, and compliance with PSC interconnection rules.** In general, MGE distribution circuits have approximately 10 MW capacity. The feeder is located on State Highway 51 across the road from the project site, and it is a 13.8 kv underground circuit. The American substation is about one mile to the east of the site of the proposed solar project. Costs of interconnection will vary depending on the specific project proposed, including whether a dedicated feeder or voltage mitigation is necessary. Interconnection of the project to MGE's distribution system must comply with Wisconsin Statutes, Section 35.03, and Wisconsin Administrative Code, Chapter PSC 119, Rules for Interconnecting Distributed Generation Facilities. The costs of a distribution study and any necessary distribution system improvements will also be the responsibility of the Contractor.

If you have any questions or need any additional information regarding the clarifications requested in this letter, please do not hesitate to call.

Sincerely,



Vice President and General Counsel