

## Sustainable Steel Buyers Platform - Request for Information

This request-for-information (RFI) is being issued by buyers collaborating under the Sustainable Steel Buyers Platform (Platform). These buyers are aiming to use a portion of this volume to stimulate the development of a near-zero emissions steel supply for North American delivery through their collective demand signal. This buyers' group has been convened by RMI under the Platform which is a process designed to develop co-ordinated offtake agreements which would support commercial scale investment in retrofits to an existing facility or a new facility to supply near-zero emissions steel. The Platform is designed to assist steel purchasers in meeting their emissions reductions goals, such as the First Movers Coalition (FMC) steel commitment. As a result, it is being developed in co-ordination with FMC and other commitment platforms.

This RFI intends to collect potential near-zero emissions steel supplier input on key questions and contract parameters that would inform a subsequent request-for-proposal (RFP).

The Platform will implement an iterative RFP process to achieve the co-ordinated steel offtake agreements across the buyers. Following and informed by this RFI, the Platform will issue an RFP based on the buyer's requirements and supplier responses to the RFI. The RFP (at a minimum) will define:

- product-level emissions thresholds and volume requirements,
- delivery requirements (e.g., location and timeline), and
- the response evaluation criteria.

The suppliers will be expected to provide a proposal response to the RFP that satisfies the requirements outlined by the buyers and specifies the green premium/cost required at a generic product level (e.g., HBI, crude steel, hot-rolled coil, etc.) to satisfy the emissions thresholds. The RFP responses will be evaluated based on a clearly outlined evaluation criteria to assess alignment with participating buyers' requirements, competitive green premium/cost, and likelihood to satisfy delivery requirements. The RFP process may also conduct interviews with the suppliers that have submitted for consideration of this aggregated offtake volume to clarify aspects of the proposal. Once the evaluation is complete, the results will be presented to the buyers, who will then individually establish offtake agreements with the selected producer. These offtakes would be based on the green premium/cost established in the RFP for a generic product level and would further specify individual buyer requirements such as detailed product specifications.

### Proposed Sustainable Steel Buyers Platform Process Flow :

1. RFI issued to steel producers (with 8-week response period).
2. RFI responses consolidated (e.g., summary statistics, themes, etc.) and discussed with buyers' group without attribution to individual respondents.
3. Voluntary interviews with RFI respondents and SSBP representatives – all material discussed in these interviews will also not be attributed to individual respondents.
4. RFP developed (utilizing insights gained in RFI) and issued for 8-week response period.
5. RFP evaluated based on criteria and criteria weightings outlined in the RFP.
6. Voluntary interviews (and/or clarification questions) conducted with RFP respondents and SSBP representatives – to clarify and confirm aspects of the proposal.
7. Results of RFP evaluation provided to the buyers group and buyers choose top submission in RFP process.
8. Buyers begin bilateral negotiations for steel offtake based on RFP product specifications, contract terms, and generic product green premium/cost provided.

## Request for Information

The following questions are designed to assist the buyers in issuing the RFP. Please provide as much detail as possible.

### 1.0 Product

**1.1 Definition of near-zero steel** – The buyers intends to purchase steel products satisfying emerging definitions of near-zero emissions steel such as the ResponsibleSteel Performance Level 4 or the First Movers Coalition definition.

- Would the producer be able to build or retrofit a facility that could supply products meeting this definition? And if so, what technology (or technologies) would this facility use?
- Does the producer have a preferred definition for near-zero steel or would make some specific alterations/amendments to the definitions listed above?

**1.2 Products available at spec** – What range of products from the list below (select all that apply) might the producer make available that satisfy the desired definition of near-zero steel?

- HBI/pig iron
- Crude steel slabs
- Crude steel billets
- Sheet and Coil
- Plate
- Long products
- Other \_\_\_\_\_

### 2.0 Contractual structure

**2.1 Contracting process** – Multiple buyers from separate industries are involved in this purchase, and the contracting process will involve multiple stages (as outlined above) and bi-lateral agreements to meet each buyers finished product specifications. Is the producer comfortable with this model and/or would recommend any alterations?

**2.2 Product model** – To satisfy the needs of multiple buyers, would the steel producer be willing to sell several products (such as those listed in 1.2) to individual buyers from a single proposal (that meets a common emissions definition) in the RFP? If not, what are the barriers/concerns that prevent this?

**2.3 Purchasing model** – Would the producer prefer to sell:

- Different steel products (e.g., HBI/pig iron and crude steel slab) under a single aggregated purchase agreement to multiple buyers, or
- Different steel products under separate smaller volume contracts to individual buyers?
- What factors impact this preference?

**2.4 Contracting length** – What minimum length (in years) of commitment would the steel producer require from a buyer, through a long-term purchase agreement, to support the desired investment (and associated necessary funding)?

**2.5 Other terms** – What other terms (e.g., location of delivery terms, ex-works, free on board (FOB), Cost, Insurance, and Freight (CIF), etc.) would need to be specified as part of the RFP? What terms can be defined in the subsequent bi-lateral off-take agreement? What are the risks/barriers of specific terms being defined as part of the subsequent bi-lateral offtake agreements?

### **3.0 Pricing/costs**

**3.1 Pricing structure** – The RFP will determine the price premium for new near-zero emissions steel supply. Would the producer be willing to price the near-zero emissions premium (if any) in isolation against an indicated benchmark (e.g., CME mid-west HRC) in response to the RFP? Which pricing indices would the steelmaker recommend? If the producer is unwilling to use a published index as a pricing reference, please describe what prevents this approach.

**3.2 Premium variation** – Would the steel producer be willing to lock-in a fixed premium price for the term of the off-take agreement? If not, would the producer prefer to price the product price with a fixed escalator (e.g., inflation) or (partially) tie the product price to another commodity (e.g., natural gas) through a pricing adjustment clause? Please indicate which escalator or price indices the steel producer would likely use to determine the product price.

**3.3 Input costs** – To improve comparability of bids, the RFP will provide assumptions for the common factor prices going into the assessment of the total cost of delivery. These assumptions will include, but not be limited to, iron ore price, pellet premium, natural gas price, coking coal price, etc. The producer may adjust these factor costs based on local conditions and process-specific requirements (e.g., higher pellet premium), which they will benefit from making transparent to the evaluation process.

- In addition to the list above, which parameters or factor costs do you consider exogenous and relevant to provide a common assumption for? Should any of the suggested parameters be considered proprietary?
- If you are willing to share, what are your suggested assumptions or perhaps scenarios (high, medium, low) for the common factor costs?
- Which factor costs would you consider to be pass-through indices rather than cost embedded in the quoted price?

**3.4 Other costs** - What other costs (e.g., shipping, insurance, etc.) would the steel supplier need to have defined during the RFP?

### **4.0 Supply capability**

**4.1 Project maturity** – Has the steel producer already developed project concepts that might be suitable to supply near-zero emissions steel for delivery in the US? What level of maturity have those projects achieved (e.g., concept study, pre-feasibility study (PFS), feasibility study (FS), etc.)? Are there multiple projects that the producer would be likely to put forward?

**4.2 Contracted volume** – What minimum annual tonnage volume of steel (on a crude steel basis) will the steel producer need secured by the off-take to enable near-zero steel facility investment? What fraction of the facility output does this represent? What factors would influence this volume (e.g., plant size, technology type, contract type, number of buyers, etc.)?

## 5.0 Project

- 5.1 Lead time** – What is the earliest feasible time to construct/retrofit the facility and produce/deliver the near-zero emissions steel? What are the typical times between key decisions gates in the producer’s process (e.g., PFS, FS, Final Investment Decision (FID), etc.)?
- 5.2 External support** – Would the steel producer rely on public funding support, such as the DOE’s Office of Clean Energy Demonstration grants, hydrogen hub funding, and/or production tax credits provided by the Inflation Reduction Act? Would the steelmaker be willing to disclose to the buyers as part of this process what fraction of product cost is provided by the public fiscal support?
- 5.3 Technology adopted** – Would the producer propose a facility retrofit or a greenfield facility? What technology does the producer anticipate using to deliver near-zero emissions steel? What key factors influence this decision? Do you anticipate any roadblocks or risks?

## 6.0 Compliance

- 6.1 Emissions disclosure** – Buyers in this process are participating with the aim of achieving a step-change in emissions reductions, what approach would the producer intend to use (e.g., independent third-party certification, comparative LCA, product carbon footprint (PCF), etc.) to demonstrate the product-level emissions performance (in relation to this aim) outlined in the RFP? Why is this the producer’s preferred approach to emissions disclosure?
- 6.2 Environmental assessment** – What relevant processes or safeguards would the producer implement as part of the broader environmental assessment for the project that would be developed in response to the RFP?
- 6.3 Company policies** – What other relevant company policies/procedures (e.g., Health, Safety, and Environment (HSE), quality control, etc.) would the producer leverage during project development and production?

## 7.0 Other

- 7.1 Evaluation criteria** – The RFP process plans to rank proposals based on the below evaluation metrics. Does the producer have any concerns with the evaluation criteria outlined? Are there any additional evaluation criteria that the producer would like considered as part of the evaluation process?
- Conformity with emissions thresholds requirements outlined,
  - Contract flexibility to provide multiple products and offtake commitment terms,
  - Ability to deliver including business health/stability and proposed execution model, and
  - Cost.
- 7.2 Other** – Are there any additional comments that the producer would like to provide to the buyers to inform the RFP design?

Thank you for your valuable feedback to the SSBP RFI. We welcome and encourage diverse participation across the steel value chain in this process. If you have any questions or other feedback, please feel free to reach out to Lachlan Wright ([lwright@rmi.org](mailto:lwright@rmi.org)) or Jessica Terry ([jterry@rmi.org](mailto:jterry@rmi.org)).