

## **NYSEG Lansing Non Pipes Alternative (NPA) RFP**

### **Questions and Answers and RFP Clarification – 2.9.2018**

**The following questions were submitted to the Lansing NPA Mailbox prior to and during the 1/12/18 Pre-Bid Teleconference**

#### **Gas Pressure and Volume**

- 1) Q: What are the pressure(s) of the gas system in the moratorium area? Are there multiple pressures? If so, what are they?

A: The moratorium area is a 60 pounds per square inch gauge ("psig") Maximum Allowable Operating Pressure ("MAOP") system. Service pressures to individual customers are regulated to generally ¼ psig, although some non-residential customers may receive service at a higher pressure. Actual operating pressures at different points in the area may vary depending upon weather, customer usage, distance from the source of gas input, feeder pressure, etc.

- 2) Q: (Regarding Page 9 – D.3 from the RFP): What size, flow rate and operating pressure lines are available for tapping?

A: NYSEG's existing natural gas distribution pipeline sizes and flow rates are not public information. NYSEG distribution lines may be accessed depending on site and other engineering conditions including gas quality. The tapping of NYSEG distribution lines may only be performed by Company personnel. The respondent would be responsible for the cost of labor and materials to tap the distribution line. Per the response to question 1), in the Lansing moratorium area the MAOP is 60 psig. In general, NYSEG uses 2, 4 and 6-inch diameter pipe in this area.

- 3) Q: NYSEG's RFP says "The proposed resource(s) will be required to operate as needed to support the local gas distribution system." (p. 7) and that "this NPA RFP project is in addition to the required installation of four natural gas compressors" (p. 3). Are the compressors expected to address all existing "needed support to the local gas distribution system?" If not, characterize and quantify the support needed by the local gas distribution system once the compressors are installed.

A: The Gas Compressor project is intended only to address the current low pressure issues on the Lansing gas distribution system ("System"). The NPA RFP seeks proposals to address not only the current pressure and reliability issues, but also to address the pending demands for the provision of gas service in the area, for both existing customers as well as for new customers. As such, the NPA RFP responses are expected to introduce additional gas supply (or reduce current gas demand) into/on the System. Each proposal will be reviewed to determine its potential effect on the System, and alternatives which may be expected to cause additional pressure

drops could likely be characterized as “not supporting” the System. With this RFP, NYSEG is seeking responses which will supply the 430 MCF/hour of either natural gas supply or usage reductions.

#### **Load Duration/Days Required**

- 4) Q: NYSEG is seeking responses to supply 430 MCF/hour. The RFP also states: “To address NYSEG’s responsibility to provide safe and reliable service, any proposed resource must be able to maintain NYSEG’s design day operating pressure of 42 psi at the system endpoint. Given current loads, approximately 20 – 30 days per year would require peak shaving or another alternative.” How many hours/day and how many days do they need that level of increased supply? Is it the 20-30 days/year of peak demand or is it more than that?

A: Because weather patterns and customer usage vary and are (over the long term) unpredictable on an hourly basis; and because weather patterns and customer usage are largely the determining factors in gas service requirements, NYSEG cannot predict how many hours per day the peak shaving/alternative would be required, except to require that it would need to be available on a 24 hour basis.

The RFP notes that the “peak shaving or another alternative” would be required 20 – 30 days per year which answers the second part of the question, “how many days do they need that level of increased supply?” The 20 – 30 day range is based on historical weather.

- 5) Q: (Regarding Page 7 - A and B from the RFP): For how long must the 430 MCFH be maintained – just peak periods or longer?

A: The RFP estimates the “peak shaving or another alternative” would be required 20 – 30 days per year, and the answer to question 4) indicated the need for resources to be available 24 hours per day on those peak days. Developers should design resources minimally to be available during those peak times, and ideally, additionally to be available for greater time periods in order to support growth in the area.

- 6) Q: (Related to requirement to make 430 MCFH of natural gas available) Available over what time horizon is this capacity needed?

A: Page 6 of the RFP notes: “Given current loads, approximately 20 – 30 days per year would require peak shaving or another alternative. A detailed study and explanation of how the proposed resources will meet the critical day and season peak needs, provide the future base load and peak day growth requirements, and provide the required system pressure is required. Thus, the requirement for 430 MCFH of natural gas availability (or reduction) is an immediate need, once a Developer project becomes operational. It is incumbent upon Developers to propose resources, and provide the mentioned “detailed study and explanation” based on their knowledge of gas distribution systems, the geographic area and growth potential in the area.

7) Q: Is the 430 MMBTU/h savings or supply needed by the end of the performance period in 2029? How much of this requirement is needed and how quickly is it needed?

A: Please see the answer to question 6).

8) Q: Clarify again how many days NYSEG plans to run the NPS (Non-Pipeline Solution, or Non-Pipeline Alternative – NPA) and how often; provide required hours of operation as well?

A: Please see the answers to questions 4), 5) and 6).

9) Q: What is the required duration: MMBTU per day?

A: Please see the answer to question 4).

10) Q: What is the number of possible consecutive days (for the MMBTU requirement)?

A: Due to the unpredictability of future weather and customer usage patterns, consecutive day requirements are not known. Developers should expect that some days on which resources are needed may be consecutive.

11) Q: What amount of relief for this area is sought via this RFP?

A: Please see pages 6 and 7 of the RFP, and the answers to previous questions.

### **Gas Supply**

12) Is there more than one pipeline that provides gas to the moratorium area? If so, how many?

A: There is one transmission pipeline supplier that provides gas to the Lansing moratorium area.

13) Q: Is there an obvious injection point in the moratorium area?

A: There is no obvious injection point in the moratorium area. RFP respondents may suggest locations for injection as part of their proposal(s). Any potential injection point will depend on the location and size of existing gas facilities relative to things such as, but not limited to, load demand, available land, permitting requirements, property owner agreements, and gas quality requirements and agreements.

14) Q: Is there a minimum base load requirement? For example, can an anaerobic digester be proposed that injects gas into the gas system year round?

A: There is not a minimum base load requirement for injection other than that associated with summertime load conditions when gas demand in the existing distribution system is typically at its lowest levels. Renewable Natural Gas (“RNG”) year round injection to the gas system is possible depending on the volume of RNG produced, location of injection, and existing customer demand.

RNG connected to NYSEG’s system would be considered local production. To date, local production supplies are delivered as interruptible sales, not firm sales, and therefore have not served as a replacement for interstate pipeline capacity. Additionally, given the limited experience NYSEG has with RNG, to consider RNG as firm gas supply, given the number of potentially interruptible variables inherent in the RNG development process and the critical dependence on the supply by firm usage customers would need to be explored.

In addition, proposals for the use of RNG or other natural gas alternatives will be required to provide facilities which transform the alternatives into like substitutes for natural gas (i.e. modify heat content, remove any potentially corrosive components, ensure the gas pressure at which the alternative is introduced matches the distribution pressure, etc. to meet NYSEG’s natural gas quality standards for pipeline gas) as part of the RFP proposals.

15) Q: (Regarding Page 14 - B.1 from the RFP): What degree of redundancy is required?

A: Please see page 14 of the RFP where it states that: “For resources proposed that are not 100% available, Developer shall include a description of the redundancy included to ensure that the proposed services will be provided. NYSEG will require the redundancy necessary to ensure the adequate level of reliability service is provided. . . .” Developers are encouraged to demonstrate whether or not their proposals are 100% available, and if not 100% available, provide redundancy solutions within their proposals.

16) Q: How many property sites (meter stations) does NYSEG operate in the area (which could be considered as potential injection site(s) for this project)? (Note this question relates to customer acquisition for the proposals).

A: There are no district regulator stations or gate stations in the moratorium area. In addition, please see page 3 of the RFP where it states: “There are approximately 2,210 natural gas customers located in the Lansing, NY area which includes 385 commercial customers, 1,803 residential heating customers and 22 residential non-heating customers.” NYSEG does not have information at this time about potential Developer proposals for injection, and therefore does not have information about which (customer) meter sites could offer the potential for injection. NYSEG expects Developers to explain the conditions/requirements associated with their proposals in their responses to the RFP.

As mentioned in the response to question 15, proposals for the use of RNG or other natural gas alternatives will be required to provide facilities which transform the alternatives into like

substitutes for natural gas (i.e. modify heat content, remove any potentially corrosive components, ensure the gas pressure at which the alternative is introduced matches the distribution pressure, etc. to meet NYSEG's natural gas quality standards for pipeline gas) as part of the RFP proposals.

17) Q: Is it expected that a single LNG/CNG installation could be located anywhere on the designated distribution system to meet the performance requirements (i.e., 430 MMBTU/Hr)?

A: It is incumbent upon Developers to offer RFP response proposals which, based on their expertise and knowledge of the alternatives and the area, provide some or all of the resources required in the RFP. It is likely that the positioning of a single resource on the system would need to be engineered to account for the extant pressure and other locational characteristics of the system at the point chosen. NYSEG is not recommending resource options or positioning; NYSEG will expect Developers to provide expert recommendations in their proposals.

18) Q: How many (LNG/CNG?) injection locations?

A: Please see the responses to questions 16) and 17).

#### **How was the system studied/need assessed?**

19) Q: Please explain the basis for the 430 Mcfh capacity requirements. What specific system demands will that capacity serve?

A: The capacity requirement was based on a hydraulic model developed internally by NYSEG. Due to the operating characteristics of a gas distribution system, these capacity requirements are required for the Lansing area as a whole, not for specific loads.

20) Q: How did NYSEG calculate the 430 MMBtu/hr?

A: Please see the response to question 19).

21) Q: Please provide details of how the RFP future needs were determined?

A: NYSEG does not predict what specific future needs are, separately in the RFP. However, the RFP on page 6 requires Developer proposals to include a "detailed study and explanation of how the proposed resources will meet the critical day and season peak needs, provide the future base load and peak day growth requirements, and provide the required system pressure . . ."

22) Q: How many Mcfh are for future needs?

A: Please see the response to question 21).

23) Q: How much of the (RFP) energy requirement is based on the current versus the future customer base?

A: Please see the responses to question 21).

#### **Additional Customer Information**

24) Q: If the area of potential coverage that the RFP is soliciting proposals for is larger than the area currently under moratorium how many residential and commercial customers are there in the area of potential coverage?

A: The geographical area covered by the RFP is described in the RFP as the moratorium area, and Attachment B to this RFP is the NYSEG Lansing Gas Franchise Filing which includes a map of the natural gas moratorium area in Lansing, NY. Developers can propose solutions outside of the Lansing area but those will likely not have as great an effect as proposed solutions within the moratorium area.

Developers should send requests for customer counts (which are in addition to the information provided on page 3 of the RFP) to the Lansing NPA RFP email address, noting the specific area for which data is requested. Developers should be aware that NYSEG will respect the privacy of customers by not including detailed information for groups of less than 15 customers, and may or may not have data for some geographic subdivisions.

25) Q: What is the average hourly/daily usage of residential customers and average hourly/daily usage of commercial customers during peak demand in the area of coverage of the RFP?

A: Average hourly and daily usage of residential and commercial customers during the peak demand period is not available.

26) Q: NYSEG's RFP says that a successful proposal should recover/make available 430 Mcfh capacity from the Lansing moratorium area. And the RFP identifies that there are 2,200 gas customers in the Lansing moratorium region, as follows:

- 1803 residential heating
- 22 residential non-heating
- 385 commercial

What is current peak load in the moratorium area?

A: Based on Winter hydraulic modeling conditions, the peak load in the moratorium area may be approximated to be in the 220 to 260 Mcfh range. Please note that this number is an approximate number created from a model, is subject to the limitations of modeling and is not a metered amount.

27) Q: Can NYSEG provide aggregated information to describe annual and daily peak heating load for the various customer categories?

A: Please see the response to questions 25) and 26).

28) Q: Please characterize the types of customers and their average peak day demand.

A: Please see the response to questions 25) and 26).

29) Q: How much of that (peak) load (in the moratorium area) is for heating?

A: NYSEG does not have this information.

30) Q: Can NYSEG clarify further by providing customer sub-types. For example, what % of the 1,803 residential are single family, doubles, small multi-family? Of the 385 commercial customers, can NYSEG provide sub-types (for example, how many of these customers are multifamily commercial? Large retail? Small retail? Industrial)?

A: NYSEG does not have this information.

31) Q: Can it be assumed that conservation contract performers under this RFP will have access to NYSEG data on customer natural gas usage within the relevant conservation areas?

A: If a contract and the additional required confidentiality/data security agreements are executed between NYSEG and a vendor/Developer, NYSEG can make customer information available, subject to the availability of data and confidentiality rules.

32) Q: What is inside the existing service area and what buildings currently rely on fuel oil, propane, or electric heating?

A: NYSEG does not have specific building fuel use information. Please see previous answers for information about numbers of customers in the area.

33) Q: What is the current peak demand and base loads for the municipalities in the geographic region in which the RFP applies?

A: See the response to question 26) for peak demand load across all customers. The base load in the Lansing moratorium area may be in the 100-120 Mcfh range. This value was approximated based on summer hydraulic modeling conditions. Please note that this range is an approximate number created from a model, is subject to the limitations of modeling, and is not a metered amount.

34) Q: Will NYSEG make available statistical information describing the current consumption of natural gas by the various customer classes (residential, commercial, etc.)? (i.e average use, median, total, etc.) Ideally, monthly data would be provided.

A: Please see below the customer data which can be provided in compliance with NYSEG's customer data privacy requirements.

<b>Lansing Gas Moratorium Billed Gas Meter Installations</b>						
	Non-Residential <sup>1</sup>			Residential <sup>2</sup>		
Months	Number of Customers	Therm Usage Total <sup>3</sup>	Therm Avg Usage <sup>4</sup>	Number of Customers	Therm Usage Total	Therm Avg Usage
2017-01	383	NA	NA	1,912	290,787	152.1
2017-02	346	NA	NA	1,912	256,473	134.1
2017-03	387	NA	NA	1,913	253,589	132.6
2017-04	356	NA	NA	1,913	227,332	118.8
2017-05	381	NA	NA	1,911	132,946	69.6
2017-06	364	NA	NA	1,907	79,988	41.9
2017-07	339	NA	NA	1,889	47,693	25.2
2017-08	380	NA	NA	1,871	28,095	15.0
2017-09	321	NA	NA	1,865	39,702	21.3
2017-10	380	NA	NA	1,883	58,097	30.9
2017-11	346	NA	NA	1,508	43,112	28.6
2017-12	361	NA	NA	1,898	425,864	224.4

<sup>1</sup>Non-Residential customers may include commercial, commercial heat, industrial and public authority (municipalities). Customer data privacy guidelines do not allow finer definition of customers in this category. In the original NPA RFP, the term "commercial" was used, which should correctly have been "non-residential".

<sup>2</sup>Residential customers may include heat and non-heat residential customer categories.

<sup>3</sup>Usage total for non-residential customers cannot be provided due to customer data privacy guidelines.

<sup>4</sup>Average usage for non-residential customers cannot be provided due to customer data privacy guidelines.

### **BCA Calculation and Social Issues**

35) Q: Will there be clear guidelines provided for carrying out the BCA? When would they be made available?

A: New York Utilities utilize the Benefit Cost Analysis ("BCA") Handbook for guidance in calculating the appropriate benefits and costs of Distributed Energy Resources ("DER"). NYSEG's BCA Handbook was last published (by NYSEG) on August 22, 2016. The Handbook is available



from the PSC website; if a Developer cannot access the PSC website to find it, please send an email to the Lansing NPA RFP email address and a pdf file can be sent.

The BCA Handbook contains representative guidelines which are similar across New York utilities, and which have been reviewed with Department of Public Service Staff and filed with the NY Public Service Commission. The BCA Handbook was initially developed for the analysis of electric projects, but will be used as a guideline for appropriate application of these principles to the NPA RFP proposals.

36) Q: For the Benefit Cost Analysis, will NYSEG make the Societal Cost Test (SCT) the primary determinant?

A: For *electric* Non-Wires Alternative (“NWA”) projects, the Societal Cost Test (SCT) is the primary test used to determine which potential alternative solution may represent the highest ratio of benefits to costs. Although the Lansing NPA project will utilize the BCA Handbook for guidance, it has not yet been determined which of the 3 primary BCA tests will take priority in the analysis.

37) Q: What price will NYSEG use for the social cost of carbon?

A: Unless different guidance is received from the NYPSC or DPS Staff, the Company intends on using a price for the social cost of carbon that would correspond to the \$24.24 per MWh, which was identified by the NYPSC as a NYSEDA published price in the 3/9/17 Order in Cases 15-E-0751 and 15-E-0082.

38) Q: Will NYSEG include fugitive methane emissions in the drilling and transport of natural gas as part of the carbon footprint that is being displaced by these alternatives?

A: NYSEG is not planning on using “fugitive methane emissions” in its BCA analysis.

39) Q: How will NYSEG evaluate the additional societal costs of building the pipeline and preventing Tompkins County from reaching its greenhouse gas emission reduction goals?

A: NYSEG will need to stay consistent in its BCA analysis with how NWA projects are reviewed. If Tompkins County has specific cost estimates that it can share with NYSEG on this topic, the Company would review them.

40) Q: In the SCT, will NYSEG allow local economic development and multiplier effects from proposals that add or sustain local energy jobs, or, through lower utility bills, free up household income to either spend locally or avoid having to apply for various subsidies and services funded by local taxpayers?

A: These types of additional societal costs/benefits beyond carbon have not been included in energy efficiency BCA calculations to date. It has not been determined if they will be used for evaluating NPA projects. Please see the responses to questions 35) and 36).

41) Q: How will the Developer be able to provide cost benefit analysis without knowing how much money is available in the RFP?

A: Developers are not required to provide the actual benefit cost analysis, but are encouraged on page 12 of the RFP to: "provide a list of benefits which they believe will accrue to customers, the utility and to society, from their Proposal. NYSEG may, but is not required to, include any reported benefits (including financial valuation of reported benefits) in the BCA calculation." It is not necessary for a Developer to know how much money is available in the RFP to provide a list of potential benefits.

42) Q: If Developers are not expected to have all this info (previous question discussed customer acquisition, auditing, engineering design information) before the April deadline, then how would the application be able to provide a full cost benefit analysis when committed customers are not yet identified and engineering plans are not yet drawn up?

A: NYSEG expects Developer proposals to be informed by Developer expertise in their field which will likely be based upon their experience with similar projects or programs. Developer expertise should include things such as representative numbers of customers who may be eligible for and sign up for programs, system design parameters, etc. While it is not necessary to include Host Customer agreements with the NPA RFP proposal, Developer proposals should only include resources which can be expected to be available, should their proposal be selected. In other words, while it is not necessary to provide the Host Customer agreement committing customer A to the project, it is necessary to provide the number and other characteristics of customers who can be expected to sign up for and be included in the Project. It is also necessary for a Developer to include some level of engineering design information and other pertinent project information which will allow NYSEG to evaluate the project.

43) Q: Can you expand on the requirement of all Developer proposals needing to collectively have a cost benefit ratio of 1:1 to the Lansing/Freeville Pipeline Project?

A: Page 7 of the RFP states: "A successful Proposal(s) under this RFP will provide all or more of the benefits proposed by the Lansing/Freeville Reinforcement Gas Pipeline Project and collectively would have a Benefit Cost Ratio greater than 1 as compared to the Lansing/Freeville Reinforcement Gas Pipeline Project. In the RFP language, "collectively" does not refer to all Developer proposals which are received, but instead refers to those proposals which are

selected by NYSEG to move to the contract and construction stage. In this context, “collectively” may refer to only 1 project or it may refer to a portfolio of projects selected to move forward.

44) Q: (Regarding Page 7 – C from the RFP): The 4th bullet point states “allowed and supported by the community”. What support or lack of is anticipated?

A: We hope for community support, but we cannot make the prediction the question is asking for.

45) Q: What goals does NYSEG have in this RFP in terms of benefiting low and moderate-income customers?

A: NYSEG seeks proposals which meet the requirements of the NPA RFP, and as stated on page 19 of the RFP, “the extent that a Developer’s Proposal impacts low income customers may be taken into consideration when evaluating proposals”. Please consider that NYSEG is seeking positive impacts for low income customers when evaluating proposals.

#### **Money Available for, and Costs of RFP**

46) Q: How much funding is available for the project?

A: Each proposal (including the Lansing/Freeville Reinforcement Gas Pipeline Project) will be evaluated on its own benefits and costs. There is not currently a set amount of funding designated for the NPA project(s). NYSEG is seeking the best solution to the needs described in the NPA RFP, including the need to achieve the highest value for ratepayers.

47) Q: What is the total budget available for this effort?

A: Please see the response to the question 46).

48) Q: How much money is provided in this RFP? (2 questions)

A: Please see the response to question 46).

49) Q: How was this amount (money available for the RFP) determined?

A: Please see the response to question 46).

50) Q: Would bidders be reimbursed for all these "up front" costs (customer acquisition, auditing, engineering design, etc. which were described in a previous question) - even if their bid is not accepted?

A: No. Please see the following statements from page 4 of the RFP. "This RFP shall not be construed to create an obligation on the part of NYSEG to enter into any contract, or to serve as a basis for any claim whatsoever for reimbursement of costs for efforts expended by Developers. Furthermore, the scope of this RFP may be revised at the option of NYSEG at any time, or this RFP may be withdrawn or cancelled by NYSEG at any time - prior to execution of the Agreement. NYSEG shall not be obligated by any responses or by any statements or representations, whether oral or written, that may be made by NYSEG or its employees, principals or agent."

51) Q: How does NYSEG want the job quoted?

A: NYSEG will consider Developer requests for payment schedules. One example of a potential payment scenario with relevance to electric NWA projects is a monthly capacity payment. Applied to the Lansing NPA RFP scenario, that would indicate a monthly charge per MCFH of natural gas capacity made available by the Developer to NYSEG over the life of the project.

52) Q: Can NYSEG clarify the ratepayer revenue requirements?

A: In the Lansing RFP, the context in which the phrase "ratepayer revenue requirements" appears is on page 18, where it states "IV. Evaluation of Proposals(;) To evaluate Proposals, NYSEG may primarily consider:

1. Reliability – the ability of the resource to alleviate the identified pressure problems and allow for future growth
2. Ratepayer cost – total ratepayer revenue requirements associated with the Proposal(s);

In this context, the RFP intends that two primary drivers will guide the analysis of whether proposals meet the needs of the Lansing NPA RFP; the first shall be the technical merit, or whether the proposed resource will alleviate the pressure problems and allow for future growth in the area, and the second shall be whether the total cost of the project (which is also characterized as "ratepayer revenue requirements" and which includes any auxiliary costs, system improvement costs or other costs which may be required for the proposal to be put into service and/or identified) is less than the benefits which will accrue to ratepayers.

### **Area Covered by RFP, Maps, Land and Priorities**

53) Q: What is the geographical area of coverage of the RFP? Is it just the moratorium area or does it also include other areas served by NYSEG?

A: The geographical area covered by the RFP is described in the RFP as the Lansing moratorium area, and Attachment B to the RFP is the NYSEG Lansing Gas Franchise Filing which includes a map of the natural gas moratorium area in Lansing, NY. Developers can propose solutions outside of the Lansing area but those likely will not have as great an effect as proposed solutions within the moratorium area.

54) Q: The area to which the RFP applies is unclear. The RFP provides these various descriptors:

- "in the Tompkins County region of the NYSEG service territory" (p. 1)
- "defer or eliminate need for Lansing-Freeville reinforcement pipe. See appendix map of Lansing gas moratorium area" (p. 1)
- "gas distribution system serving the Ithaca and Lansing areas in Tompkins County is capacity constrained" (p. 6)
- "any proposed resource(s) must be able to make available/provide 430 Mcfh[1] capacity of natural gas within the service area in which the natural gas moratorium exists" (p. 7)

Specifically to what geographic area does the RFP apply?

A: Please see the response to question 53).

55) Q: Please provide a map identifying areas and level of priority.

A: Attachment B in the Lansing RFP contains a map of the Lansing moratorium area.

56) Q: Does NYSEG intend to identify appropriate sites (i.e., appropriate land and interconnection to distribution system) for LNG and/or CNG projects?

A: No, it is incumbent upon Developers to identify and propose project/resource types, location(s) and land requirements. Those requirements should be clearly identified in the RFP responses, so that NYSEG can consider the feasibility of each project, resource and location proposed.

57) Q: Can you provide a map of where gas service extends in Tompkins County?

A: A digital copy of the gas distribution system map of the area may be provided to Developers with whom NYSEG has reached an agreement to provide a service, including the execution of all associated Confidentiality and Data Security requirements.

58) Q: Will you make the map of the target area available in digital form suitable for use in GIS programs? (i.e. KML, shapefile, etc.)

A: Please see the response to Q) 57.

59) Q: Would solutions proposed in the Ithaca area help alleviate the issue in the Lansing area?

A: Ithaca area solutions will have less of an impact on the Lansing area due to the distance and hydraulics of the gas distribution system. Please see also the response to question 53).

60) Q: Are there zones of differentially prioritized coverage?

A: Proposals for solutions within the Lansing moratorium area will likely have a greater effect than proposals outside of the Lansing moratorium area. Within the Lansing moratorium area NYSEG has not established any priority zones.

61) Q: Are there some areas that are priority areas while others less so?

A: Please see the response to question 60).

62) Q: Will NYSEG provide zones of priority?

A: Please see the response to question 60).

63) For novel conservation efforts, must all efforts be within the moratorium area itself? Or will savings in other areas of the region help (e.g. does conservation in the City or Town of Ithaca help?

A: Please see the responses to questions 53) and 60).

### **Moratorium**

64) Q: Is a gas moratorium being contemplated for any parts of Ithaca?

A: There is no current consideration of a gas moratorium for any parts of Ithaca at this time. However, NYSEG cannot rule out the potential that a gas moratorium could be required in the future.

65) Q: How quickly, if at all, does NYSEG hope to lift the moratorium (which itself must be causing substantial fuel switching to propane, heat pumps, etc.)?

A: As soon as a viable and a reliable solution is achieved and confirmed.

66) Q: Please characterize the capacity constraints in the Ithaca area - where, specifically, are these constraints occurring?

A: The capacity constraint in the Ithaca or Tompkins County area is currently limited to the Town of Lansing as noted in the moratorium.

67) Q: Are there reliability concerns in Ithaca that must be addressed?

A: Not at this time. The reliability concern is for the Town of Lansing moratorium area during cold weather conditions.

#### **NYSEG Preference for Types and Sizes of Projects**

68) Q: Does NYSEG have a preference for increased natural gas supply to meet the 430 MCF/hour capacity need?

A: As stated in the RFP on page 7 and elsewhere, resources may be in the form of any or all of the following resource types:

- Incremental natural gas energy efficiency resources
- Incremental natural gas demand response resources
- Fuel substitutions (subject to net carbon reduction evaluation)
- Introduction of CNG, LNG to the extent allowed and supported by the community and in accordance with State and Federal laws and regulations
- Other resources which meet all the requirements of this RFP

Please note that increased natural gas supply (CNG, LNG) is on the above list. Please also be aware that NYSEG does not advocate for any specific resource type and that all proposals/resource types will be vetted in the proposal review stage.

69) Q: (Does NYSEG have a preference for) Reducing current usage by current customers to ensure that there is the equivalent of 430 MCF/hour available during peak hours/peak days?

A: As stated in the RFP on page 7 and elsewhere, resources may be in the form of any or all of the following resource types:

- Incremental natural gas energy efficiency resources
- Incremental natural gas demand response resources
- Fuel substitutions (subject to net carbon reduction evaluation)

- Introduction of CNG, LNG to the extent allowed and supported by the community and in accordance with State and Federal laws and regulations
- Other resources which meet all the requirements of this RFP

Please note that reduced current usage by current customers (i.e. incremental energy efficiency resources and incremental gas demand response resources) are on the above list. Please also be aware that NYSEG does not advocate for any specific resource type and that all proposals/resource types will be vetted in the proposal review stage.

70) Q: Does NYSEG consider responses that do not increase natural gas capacity but instead reduce usage by, or actually eliminate, natural gas customers (by converting residences to electricity-based heating) a viable method to provide the 430 MCF/hour of capacity?

A: As stated in the RFP on page 7 and elsewhere, resources may be in the form of any or all of the following resource types:

- Incremental natural gas energy efficiency resources
- Incremental natural gas demand response resources
- Fuel substitutions (subject to net carbon reduction evaluation)
- Introduction of CNG, LNG to the extent allowed and supported by the community and in accordance with State and Federal laws and regulations
- Other resources which meet all the requirements of this RFP

Please note that substitution of electricity could be considered either fuel substitutions or other resources (either of which could be substitution of electricity for gas) which are on the above list. Please also be aware that NYSEG does not advocate for any specific resource type and that all proposals/resource types will be vetted in the proposal review stage.

71) Q: Is it reasonable to propose a project whose overall reduction is the result of aggregating reductions from many homes?

A: As stated in the RFP on page 7 and elsewhere, resources may be in the form of any or all of the following resource types:

- Incremental natural gas energy efficiency resources
- Incremental natural gas demand response resources
- Fuel substitutions (subject to net carbon reduction evaluation)
- Introduction of CNG, LNG to the extent allowed and supported by the community and in accordance with State and Federal laws and regulations
- Other resources which meet all the requirements of this RFP

Please note that incremental natural gas energy efficiency resources could be considered aggregating reductions from many homes, and is on the above list. Please also be aware that NYSEG does not advocate for any specific resource type and that all proposals/resource types will be vetted in the proposal review stage.



72) Q: NYSEG's RFP says that proposed resources "must be able to make available/provide 430 Mcfh capacity of natural gas within the service area in which the natural gas moratorium exists" (p. 7). A footnote identifies that 430 Mcf is approximately equal to 430 MMBtu. Is NYSEG willing to accept proposals for non-pipe-alternatives that do not "make available/provide 430 Mcfh capacity of natural gas" but rather provide other means of meeting thermal demand for existing and/or new customers?

A: As stated in the RFP on page 7 and elsewhere, resources may be in the form of any or all of the following resource types:

- Incremental natural gas energy efficiency resources
- Incremental natural gas demand response resources
- Fuel substitutions (subject to net carbon reduction evaluation)
- Introduction of CNG, LNG to the extent allowed and supported by the community and in accordance with State and Federal laws and regulations
- Other resources which meet all the requirements of this RFP

Please note that other resources which meet all the requirements of this RFP could be considered other means of meeting thermal demand for existing and/or new customers and is on the above list. Please also be aware that NYSEG does not advocate for any specific resource type and that all proposals/resource types will be vetted in the proposal review stage.

73) Q: If not, (this refers to a previous question regarding whether a type of resource would be accepted) why does NYSEG require that 430 Mcfh of natural gas be made available?

A: The requirement for 430 MCFH is intended to convey either the addition of this amount or the reduction of this amount of natural gas on the system.

74) Q: (Related to requirement to make 430 MCFH of natural gas available) Available to what type of customers?

A: Although NYSEG provided the types of customers served in the moratorium area (see page 3 of the RFP), NYSEG does not specify which types of customers should be included in Developer resource proposals.

75) Q: (Related to requirement to make 430 MCFH of natural gas available) Available for what purpose?

A: As previously stated, the requirement to make 430 MCFH of natural gas available is intended to convey either the addition or the reduction of that amount of natural gas on the system. NYSEG does not at this time suggest to Developers a predefined purpose for the addition or reduction of natural gas on the system.

76) Q: Would injection of gas into the NYSEG distribution system on NYSEG property be the preferred solution? (Rather than the uncertainty of available land, property owner agreements, additional permitting requirements, etc.)?

A: Please see the responses to the previous questions which note that introduction of CNG, LNG and/or other resources are acceptable resource types. NYSEG will consider proposals which use NYSEG property, customer property, other property or a combination thereof.

77) Q: The Con-Ed Pipeline Alternative RFP specifically acknowledges the benefits of meeting their energy target with a mix of solutions. Will NYSEG commit to a similar risk avoidance strategy?

A: NYSEG does not know or represent here whether a single solution or a mix of solutions will offer the best option, and the answer will depend upon the proposals received.

78) Q: Is NYSEG looking for one proposal to address the entire capacity need or multiple proposals of smaller project size?

A: Please see the response to question 77).

79) Q: What is the minimum project size NYSEG will consider?

A: NYSEG does not restrict responses to a minimum project size.

80) Q: Will NYSEG consider smaller projects?

A: Yes. As previously stated, there is no minimum size resource or project. However, very small project proposals must depend upon the submission of other significantly larger proposals in order to achieve the NPA RFP requirement for 430 MCFH in total.

81) Q: Will NYSEG rank a proposal higher if it demonstrates that it can achieve 100% of NYSEG's goals for this RFP (versus a proposal that only partially meets the goals)?

A: At this time, NYSEG does not have an explicit goal to minimize the number of proposals contracted to satisfy the resource needs for the Lansing RFP.

82) Q: Would NYSEG consider a proposal for a pilot project to target low and moderate-income households (whether owners or tenants) where NYSEG funds were combined with carbon offset grants and NYSERDA funds to install heat pumps to replace gas space or hot water heating systems?

A: As stated in the RFP on page 7 and elsewhere, resources may be in the form of any or all of the following resource types:

- Incremental natural gas energy efficiency resources
- Incremental natural gas demand response resources
- Fuel substitutions (subject to net carbon reduction evaluation)
- Introduction of CNG, LNG to the extent allowed and supported by the community and in accordance with State and Federal laws and regulations
- Other resources which meet all the requirements of this RFP

Please note that fuel substitutions (subject to net carbon reduction evaluation), and/or other resources which meet all the requirements of this RFP, could be considered Installation of heat pumps to replace gas space or hot water heating systems and are on the above list. Please also be aware that NYSEG does not advocate for any specific resource type and that all proposals/resource types will be vetted in the proposal review stage.

83) Q: Would NYSEG be interested in making this (the low-moderate income pilot suggested in question 82) part of the portfolio of this RFP?

A: Please see the response to question 82).

84) Q: Would (any low-moderate pilot contemplated within the paradigm of this RFP and responses to it) this also apply to homes outside the existing gas service area in Tompkins County?

A: Please see responses to previous questions, including the following: “Developers can propose solutions outside of the Lansing area but those will not have as great an effect as proposed solutions within the moratorium area.” Please also note that the Lansing NPA RFP seeks solutions to a specific natural gas system problem. Resources/solutions which may eventually be selected as part of this RFP process do not affect other NYSEG programs and projects unless specifically required to do so as part of the RFP response and agreement, analysis and any eventual agreement which may be reached. The review of proposed projects under this RFP will focus first on the ability of the projects to deliver the reliability and growth potential within the Lansing moratorium area. Any LMI focused pilot program would be reviewed based first on this general principle. Other proceedings at the NYPSC with focus on LMI customers could possibly accommodate application of a LMI approach outside of the Tompkins County gas service area.

#### **Individual Host Customer Agreements/Aggregation**

85) Q: Would CNG supply proposals exclude the need for any “host agreements” (Section II, E4, E9, E12 and Section III, Part A of the RFP), because those are intended only for energy efficiency or demand response programs?

A: The term “Host Customers” in the context of these references from the RFP does pertain to potential energy efficiency or demand response host customers, and if a Developer proposal did not involve energy efficiency or demand response host customers, host customer agreements for energy efficiency or demand response would not be required. However, NYSEG cannot

comment on whether any other type of “host agreements” might be necessary for a CNG supply proposal.

86) Q: Is it necessary that the homes (included as potential participants in the RFP proposal) be explicitly identified in the response to the RFP?

A: No, however, as indicated in an earlier response, the types of homes that could be potential participants should be identified initially. A final list of homes will need to be explicitly identified as part of any agreement between NYSEG and a Developer.

87) Q: Is NYSEG expecting customer acquisition, all the auditing, engineering design, etc. to happen before the April submission deadline?

A: Please see the following response to a previous question, repeated here in its entirety.

NYSEG expects Developer proposals to be informed by Developer expertise in their field, including representative numbers of customers who may be eligible for and sign up for programs, system design parameters, etc. While it is not necessary to include Host Customer agreements with the NPA RFP proposal, Developer proposals should only include resources which can be expected to be available, should their proposal be selected. In other words, while it is not necessary to provide the Host Customer agreement committing customer A to the project, it is necessary to provide the number and other characteristics of customers who can be expected to sign up for and be included in the Project. It is also necessary for a Developer to include some level of engineering design information and other pertinent project information which will allow NYSEG to evaluate the project.

88) Q: If one proposes to convert some number of homes, is it necessary that the homes be explicitly identified in the response to the RFP or is it permitted to propose a process, such as a marketing program, that is expected to result in a given number of conversions by some date? (Such a proposal might include progress payments and other mechanisms to ensure pay-for-performance.)

A: Please see the responses to questions 86) and 87).

89) Q: The RFP says that: “NYSEG reserves the right, but not the obligation to accept a portfolio of projects/Proposals or to aggregate Proposals to meet the resource requirements.” This doesn't make it clear whether or not a developer is permitted to propose a "portfolio of projects" as a single Proposal. Converting a single-family home from gas to heat pumps isn't going to reduce load significantly. On the other hand, converting many homes could result in significant reductions. Is it reasonable to propose a project whose overall reduction is the result of aggregating reductions from many homes?

A: Yes, aggregated reductions are acceptable types of resources that could be considered if all of the other requirements of the RFP are met.

90) Q: The RFP includes "fuel substitution" as an "eligible resource" but also states a minimum saving that must be provided by a resource: "To address base load and peak day growth, any proposed resource(s) must be able to make available/provide 430 mmBTU capacity of natural gas within the service area in which the natural gas moratorium exists." ConEd's similar RFP has a minimum project size of 25 Decatherms which is about 25 mmBTU. Will NYSEG consider smaller projects?

A: Clarification: the use of (s) in resource(s) was intended to convey either a single resource or a group of aggregated resources. As previously stated, aggregated resources are acceptable types of resources. Also, as previously stated, there is no minimum size resource. However, very small project proposals must depend upon the submission of other significantly larger proposals in order to achieve the 430 MCFH requirement in total.

### **RFP Procedures**

91) Q: Is NYSEG expecting to award only one contract or more than one?

A: That decision has not been made and will depend upon the proposals which are received. The Company is not adverse to either outcome.

92) Q: (Regarding Page 8 – D.2.a from the RFP): Can information on the referenced laws, operating policies, criteria, rules, guidelines and NYSEG's design, construction and operating criteria applied to this project be provided?

A: It is the Developer's responsibility to bring to the RFP process a level of expertise in these areas. The Company can, upon request, provide specific excerpts from its gas O&M manual if that will assist in the proposal development process.

93) Q: (Regarding Section II, Part D, Subsection 2, Line E4, and Section II, Part E, Subsection 4, both on page 10 of the RFP; and Section VI, Part A on page 21 of the RFP): Can NYSEG provide as much detail as possible in the form of a draft agreement to identify everything it requires (known as of now)?

A: Because this is the first NPA Project and RFP for the Company, NYSEG has not executed any prior NPA agreements. If a Developer and project are chosen as the most cost effective solution to the Lansing RFP needs, the Developer and NYSEG will work together to prepare the requisite agreement for the project and it will be tailored to the solutions which are mutually agreed upon.

94) Q: Regarding Section II, Part G (Credit and Performance Assurances) on pages 12-13 of the RFP, and Section III, Part B (Corporate Structure and Project Finance), Lines 5 (a-j) and 7 (a-d) on pages 16-18 of the RFP: Can NYSEG provide as much detail as possible in terms of how much money (if any) that the supplier will be required to provide for each of these categories?

A: The amount of collateral required from a Developer shall depend largely upon the financial strength of the Developer, the type of project resources which are proposed and other risk factors, all of which will vary by Developer and proposal. For these reasons, NYSEG cannot provide standard financial requirements which would be the same for all potential participants. Many of the requirements referenced in Section III of the RFP do not require specific amounts; they instead require the provision of standardized financial information which will allow NYSEG to better understand the Developer's financial strength and thus estimate the risk level of the project.

95) Q: Can NYSEG provide a way for local businesses to identify possible partnerships or sub-contracts with other applicants?

A: NYSEG cannot make specific proposals or suggestions, but will look for a methodology that could be enacted that does not place NYSEG in a position of showing favoritism or inconsistency.

96) Q: Will the information on this call (the 1/12/18 "Pre-Bid Conference Call") be documented so other stakeholders can see it later if they can't participate this morning?

A: NYSEG will document all questions and answers received and provide the responses which are not confidential via an email with "bcc" email addresses only, to all parties who have expressed an interest in participating in the RFP. The responses will also be posted to NYSEG's website.

97) Q: Are PDF formatted efiles NOT acceptable ... only Word and/or Excel?

A: NYSEG prefers to receive the RFP responses in Word and/or Excel files to aid in the process of reviewing the proposals. NYSEG understands that some attachments which may have been prepared prior to or outside of the RFP process may be in pdf format, and NYSEG will accept attachments of that type (please be sure the pdf is saved so that it can be subjected to a word search). However, NYSEG prefers the body of the proposal to be in Word and/or Excel.

98) Q: Will the 4/20/18 RFP response due date be extended?

A: NYSEG has no plans at this time to extend the 4/20/18 RFP response due date.

## **Energy Efficiency**

99) Q: What conversion factor does NYSEG use to convert annual therm savings (volume of savings accrued over a year) that may arise for energy efficiency measures to Mcfh (more of a flow rate)?

A: Savings for gas energy efficiency measures are reported in therms. A conversion factor is not needed for reporting gas savings.

100) Q: Energy savings accrue whenever a device is used. That may/may not be coincident with a peak. Does NYSEG have coincidence factors they can share with us for gas efficiency measures such as:

- Kitchen Demand Control Ventilation
- Boiler Lockout/Reset Controls
- DCV
- Programmable thermostat (new)
- Advanced Thermostats
- Low-Flow Faucet Aerators
- Laminar Flow Restrictors
- Low-Flow Showerheads

A: The New York Technical Resource Manual does not provide coincidence factors for gas measures. NYSEG does not have coincidence factors to provide for gas measures. The Company understands and acknowledges that some efficiency measures would have more benefit on a peak day than others.

## **Miscellaneous**

101) Q: NYSEG has gas data from smart meters now—can that data be made available? Will it be made available for use by contractor(s) who win the bid?

A: NYSEG may share available data with Developers or contractors who may be selected to provide services, and who execute required Agreements and Data Security requirements.

102) Q: Can NYSEG clarify the gas safety communication system?

A: NYSEG provides customers with natural gas safety information as part of the Company's Public Awareness Program, which informs customers of how to recognize, respond to, and report possible natural gas leaks. As part of the compressor pilot project that NYSEG is commencing, gas safety training will be provided to Tompkins County-area emergency response personnel.

103) Q: Can the program be changed so that someone who has a solar panel installation can get more incentives if they put in heat pumps or another electric energy efficient heating, air conditioning or hot water system?

A: The Lansing RFP is designed to reduce existing gas consumption, or increase gas supply into the Lansing moratorium area. It is not designed to increase the number of installations of any specific renewable technology, or to decrease electric use, although both may be laudable goals from a societal perspective. NYSEG acknowledges the responsibility to monitor any impacts on electric reliability in the Lansing area.

104) Q: It appears that NYSEG will not accept gas load decreases as part of this proposal. Is NYSEG viewing a customer as a Gas number and an Electric Number meaning will it be OK if they decrease gas load for an increase in base electric load while cutting down on peak load in summer months? The question is - can a source such as GSHP which does replace gas be an option because we will increase the base electric load?

A: Please note the following clarification: Either or both gas load decreases (from existing customers) and the addition of gas supply or an alternative supply are acceptable types of resources for responses to the Lansing RFP.

Also, as the responses to previous questions note, replacing the natural gas supply used for heating with a non-natural gas source is an acceptable resource type. NYSEG is not able (at this time, prior to receiving and reviewing RFP proposals), to comment on whether a certain type of project is "OK".

Finally, NYSEG considers it appropriate for Developers to consider a customer's natural gas use as separate from their electric use, but please note the following from page 7 of the RFP which describes the types of resources which are acceptable: "Fuel substitutions (subject to net carbon reduction evaluation)."