



NYSEG Canandaigua Non-Pipes Alternatives

RFP Process

Q&A Document

October 14, 2022

THE BELOW RESPONSES ARE TO QUESTIONS RECEIVED IN RESPONSE TO NYSEG'S CANANDAIGUA NON-PIPES ALTERNATIVE ("NPA") REQUEST FOR PROPOSAL ("RFP"), THAT WERE RECEIVED BETWEEN JULY 29, 2022, AND AUGUST 12, 2022.

1. Q: Will you provide a calculator for the BCA (Benefit Cost Analysis)?

A : NYSEG will conduct their review of the BCA using the Societal Cost Test (SCT). The BCA evaluation will adhere to the Commission's BCA Framework Order, Case 14-M-0101, Reforming the Energy Vision, Order Establishing the Benefit Cost Analysis Framework (issued January 21, 2016).

A link to the BCA Framework Order is :

<https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={F8C835E1-EDB5-47FF-BD78-73EB5B3B177A}> (Please copy and paste the link into your web browser).

2. Q: Will there be a clear proposal evaluation criteria posted, based on a point allocation system or NPV (net present value)?

A : NYSEG will utilize the information provided in Proposals to evaluate whether an NPA solution is likely to be cost effective. A BCA evaluation using the societal cost test will be used to determine which solution(s) is likely to be the most cost effective for NYSEG customers. NYSEG will consider the following factors in its evaluation of Proposals:

- Reliability - the ability of the resource to contribute to the alleviation of the identified low-pressure situation
- Economic impact
- Environmental impacts
- Technical reliability – reliability of the type of technology and the equipment being proposed
- Costs
- Credit
- Bidder qualifications
- Project viability

Please refer to Section V of the RFP document, starting on page 16, for additional information regarding RFP Proposal evaluation.

3. Q: Can bidders evaluate a P3/Concessionaire or "energy as a service model" where the bidder brings equity to fund the project (s) and is paid back over time through an availability payment or capital recovery charge?

A : Projects with this type of funding structure will be considered. The term of the agreement between NYSEG and the third party developer(s) associated with this RFP is expected to be 10 years.

4. Q: The RFP document notes that the operating term is 10 years. Does this mean that the bidder must operate the installations for 10 years?

A : Yes, the term of the agreement between NYSEG and the third party developer(s) associated with this RFP is expected to be 10 years.

5. Q: The RFP document notes energy efficiency measures and demand reduction measures of end users may be evaluated. It's difficult to diagnosis each end users' baseline load and evaluate possible technical solutions at this stage. How does Avangrid see proposals incorporating end user demand at this stage of the Process, and is there clarity today on potential contracting solutions with the end users?

A : Historical gas usage for customers in the area of impact will be made available upon the execution of a Confidentiality Agreement (Attachment C). Developers are responsible for creating and proposing all aspects of the project. The developer within their proposal shall provide a complete solution including contracting solutions with the end users.

6. Q : Will the SCT need to be at or above 1.0?

A: NYSEG will utilize the information provided in Proposals to evaluate whether an NPA solution is likely to be cost effective. A BCA evaluation using the societal cost test will be used to determine which solution(s) is likely to be the most cost effective for NYSEG customers. A successful project or portfolio will ideally result in a BCA at or above 1.0 using the SCT, but other qualitative benefits may be taken into consideration. Please refer to Section V of the RFP document, starting on page 16, for additional information regarding RFP Proposal evaluation.

7. Q: Is there any way to have a discussion with Avangrid about how a networked geothermal solution will be evaluated by the BCA's SCT? Or do we need to sort that out on our own?

A: Developers are responsible for creating and proposing all aspects of the project including project economics. Please see responses to questions 1 and 2 above for additional information.

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8. Q: If we are requesting/proposing collaboration with NYSEG staff, are we to include cost to pay NYSEG for the anticipated services requested? If so, for budgeting purposes what charge out rate should we use for NYSEG staff?

A: NYSEG is requesting Bidders to outline expectations associated with the level of collaboration they are seeking from NYSEG, but does not require Bidders to estimate the cost of NYSEG staff time. For example, if a Bidder is producing customer-facing marketing materials they should specify the nature of those materials (e.g., brochures, letters, postcards, etc.) and state that NYSEG co-branding, review, and approval of those materials is requested. If a Bidder is seeking any financial support from NYSEG (e.g., cost-sharing the

design and distribution of marketing materials), then it should be noted in the pricing proposed to develop and implement the project or projects.

9. Q: Is there a percentage NYSEG directs for annual escalation of charge out rates, over the duration of the 10 year term?

A: NYSEG does not assume an annual escalation rate over the 10 year period specified in the RFP. If applicable, the Bidder is expected to include any annual escalation rate in their proposed pricing.

10. Q: Is our understanding of the M&V requirement correct? The Bidder will provide a general M&V plan used to validate estimated supply or reduction values for a single, typical project's performance. The M&V Plan will be the model for all projects performed under the life cycle of the 10 year term.

A: The Bidder is expected to propose a general M&V plan that will be used to validate estimated MCFH load reduction or supply addition achieved by the proposed project(s) as specified in the Bidder's proposal. The M&V plan will be the model for all project(s) implemented by the Bidder performed for the 10 year period specified in the RFP.

11. Q: The M&V Plan is not intended to evaluate the effectiveness of the overarching solution/program, as applied to the overall portfolio of projects ultimately performed over the life cycle of the 10 year term?

A: The primary objective of the M&V plan is to provide a way to measure and confirm that the proposed MCFH load reduction or supply addition was achieved by the proposed project(s) as specified in the Bidder's proposal and sustained for a 10 year term as requested in the RFP.

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12. Q: Footnote 3 in Section C of the RFP states that "If RNG, CNG or LNG is proposed, Bidder will be required to meet applicable tap agreement requirements, gas quality requirements, gas supply agreements and gas storage requirements. RNG Bidders may take ownership of RINS credits generated and should include details of their plan to monetize these credits in their Proposal." Can NYSEG clarify the requirements specific to the tap agreement and storage?

A: Information can be found at the following link '[How to Become a Natural Gas Producer](#)' Here you will find detailed information on the Tap Agreement, Gas Quality, North American Energy Standards Board ("NAESB") Agreement, etc. Bidders are responsible for determining the applicable storage requirements, as appropriate, in accordance with the Bidder's proposed project scope.

13. Q: In Section E VI, NYSEG identifies three potential injection sites. Under the Guidelines Section, NYSEG indicates that "If a Proposal is selected to move forward, Bidders will be responsible for obtaining site control and all applicable permits associated with executing their Proposal." Can NYSEG elaborate on the Bidder's responsibility for obtaining site control and securing permits?

A: Based on New York Public Service Commission ("NYPSC") Rulings and Orders in Case 14-G-0019, there is a significant difference in site development/ownership between compressed natural gas ("CNG") / renewable natural gas ("RNG") versus liquified natural gas ("LNG") facilities.¹

- For CNG solutions which includes CNG as well as trucked RNG, NYSEG is responsible and takes ownership for the gas at the flange connection to the truck. Therefore, most of the equipment, facility and site belong to NYSEG. For this scenario, the Bidder should assume NYSEG will have site control over the land/site and be responsible for the design and permitting.
- For LNG solutions, either the Bidder or NYSEG can permit the facility. Most of the equipment, facility, and site belong to the Bidder. Additionally, operation of the LNG equipment is the responsibility of the Bidder/LNG provider. While NYSEG must be involved with the design, most of the obligations reside with the Bidder.

Developers are responsible for creating and proposing all aspects of the project including obtaining project site control and securing appropriate permits.

14. Q: For a dispatchable resource solution (RNG,CNG, LNG), will NYSEG require the onsite presence (injection site) of a Bidder's personnel for the duration of each call ahead dispatch, as stipulated in the RFP (16 hours, minimum 2 days)?

A: For RNG and CNG solutions, on-site personnel are not required during normal operating conditions if the resource can be safely and reliably controlled remotely. For LNG solutions, NYSEG personnel are not operator qualified for LNG-related equipment, therefore, on-site personnel would be required.

15. Q: Please clarify that the Third-Party Lite Assessment Form (Attachment E), and a Data Security Rider (Attachment F) with cyber insurance requirements are only required for submission if the Bidder is awarded an agreement, and not as part of their initial proposal submission.

A: Bidders are not required to submit the Third-Party Lite Assessment Form (Attachment E) and/or Data Security Rider (Attachment F) with their initial proposal. The Third-Party Lite Assessment Form (Attachment E) and Data Security Rider (Attachment F) with cyber insurance requirements must only be completed by the Bidder if they are awarded an agreement (i.e., NPA project contract) by NYSEG and based on the nature of the agreement, NYSEG determines the forms are required.

¹ Case 14-G-0019, Petition of New York State Electric & Gas Corporation for a Declaratory Ruling Concerning Regulation of a Proposed Compressed Natural Gas Supply Station and Related Facilities, Filed June 26, 2014. [https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=\(4117319C-FE72-4E41-B5B3-44694B8D6609\)](https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=(4117319C-FE72-4E41-B5B3-44694B8D6609))

THE BELOW RESPONSES ARE TO QUESTIONS RECEIVED IN RESPONSE TO NYSEG'S CANANDAIGUA NON-PIPES ALTERNATIVE ("NPA") REQUEST FOR PROPOSAL ("RFP"), THAT WERE RECEIVED BETWEEN SEPTEMBER 10, 2022 AND SEPTEMBER 28, 2022.

16. Q: What value should be used for the value of CO₂e reduction? (ie \$/Ton)

A: NYSEG will conduct their review of the BCA using the Societal Cost Test (SCT). The BCA evaluation will adhere to the Commission's BCA Framework Order, Case 14-M-0101, Reforming the Energy Vision, Order Establishing the Benefit Cost Analysis Framework (issued January 21, 2016).

A link to the BCA Framework Order is :

<https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={F8C835E1-EDB5-47FF-BD78-73EB5B3B177A}> (Please copy and paste the link into your web browser).

Please refer to pages 18-19 within the BCA Framework Order. Pages 98-99 (15-16 within Appendix C) and pages 104-107 (1-4 within Attachment B). This is subject to change if further direction is provided by the NYPSC, or Department of Public Service (DPS) Staff.

17. Q: What time frame should be used for accumulated carbon reduction?

A: Please see response to question 16 above for additional information.

18. Q: What will be the minimum expected notification time for bidders to activate their system prior to each peaking event, in which injection systems and additional supply will need to be provided?

A: NYSEG's recommendation for CNG Supply Side providers is as follows: Developer would generally be given a one (1) day minimum up to a three (3) day maximum notice based on weather/temperature forecasts to go into "stand-by" mode. NYSEG will also let the provider know the amount of resource(s) that will be required once the system is activated. NYSEG will notify the CNG control center at least three (3) hours in advance to allow them time to have their system ready. Additionally, a thirty (30) minute notification is given, so their system can prime, and the resource(s) are ready for operation. Developers can accept NYSEG's recommendation or propose an alternative within their Proposal.

19. Q: Is NYSEG's expectation that a certain volume of additional supply will be stored at the injection location throughout the peaking season?

A: NYSEG's expectation is that any proposed solution shall meet the reliability needs identified within the RFP. To the extent a Developer requires additional supply to be stored at the injection location in order to meet the identified reliability need, the Developer should clearly identify their intent to store supply onsite within their Proposal. It is the Developer's responsibility to identify and comply with any applicable onsite storage regulations.

20. Q: For injection site options #2 and #3, how will 70% MAOP be achieved if the system pressure is 52psig for those locations?

A: During periods of high demand, injection site options #2 and #3 will have pressure below 52-psig due to system losses and constraints.

21. Q: Which OQ program or requirements will Bidders' personnel be subjected to?

A: All Bidder personnel would be required to meet the Operator Qualifications (OQ) of NYS Part 255 (and Part 259 for LNG). NYSEG follows the Northeast Gas Association (NGA) OQ Program. Please refer to Section VI of the RFP document, starting on page 18, for additional information regarding proposal standards.

22. Q: For a CNG non-pipe alternative solution, does Avangrid have any potential sites / locations that can be used to deploy and install a decompression skid whereby we can inject into the Avangrid distribution system?

A: Developers are responsible for creating and proposing all aspects of the project including proposed solutions/resources. Please refer to Section II of the RFP document, starting on page 9, for additional information regarding injection sites.

23. Q: For clarification purposes in regards to Question 13 and the answer provided will NYSEG take on most design/permitting and facility ownership, even though the RFP states that basically the entire scope would be the bidder's responsibility for a dedicated tap?

A: The RFP document is correct in stating the Bidder is solely responsible for the design, planning, permitting, installation, and costs of the dedicated facilities (e.g., city gate tap). The only exception would be in the case of a CNG solution. Please refer to Question 13 for notes on how NYSEG will handle a CNG solution.

24. Q: Who is responsible for the land acquisition or lease agreement and did the answer to Question 13 mean to say that the flange connection is to the pipeline, not the truck (i.e., is NYSEG going to own the decompression equipment that would transfer ownership at the flange of the truck, not the pipeline)?

A: The Bidder is responsible for the land acquisition or lease agreement, unless their proposal is for a CNG solution. NYSEG would own the decompression equipment that would transfer ownership at the flange of the truck. This is for a CNG solution only.

25. Q: Can you clarify what the minimum hourly requirements are for onsite supply. On page 5 of the RFP, a 24-hour period is referenced, but the table included on that page indicates an estimated 16 hours per day requirement.

A: The table listed within the RFP is accurate. In the instance of a prolonged cold weather period a resource must be available for a minimum of two (2) consecutive days. This is where the 24-hour period comes into play. The resource could be needed for 24 hours for a minimum of (2) days. When there is not a prolonged cold weather period a resource will most likely only be needed for 16 hours per day.

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26. Q: Will one injection point be sufficient to meet the demands of the Canandaigua pipeline?

A: NYSEG's expectation is that any proposed solution shall meet the reliability needs identified within the RFP. Developers are responsible for creating and proposing all aspects of the project required to achieve this goal.

27. Q: Are the three sites listed on page 10 able to support CNG Equipment space of 90'x90'?

A: The injection sites identified in Figure 2, within Section II.E.iv of the RFP, are general geographic areas identified by NYSEG that are ideal from a system hydraulic standpoint. Actual sites have not been investigated. Developers are responsible for creating and proposing all aspects of the project including obtaining project site control and securing appropriate permits.

28. Q: Is the ideal pressure of 86 PSIG regardless of which injection site, or per the site's listed pressure?

A: As per Section II.A., page 5, the result of achieving the need described in this RFP would be the increase of the pressure of the Canandaigua Feeder Main to 86 PSIG to achieve 70% MAOP.

29. Q: The volume is defined as December through March at 55 MCFH, will NYSEG be reserving a minimum volume each year?

A: At this time we do not expect to require the resource outside of the defined parameters outlined in the NPA Resource Need Summary and Resource Requirements in Section II.A and Section II.B.

30. Q: Over the 10-year agreement is there an annual review of forecasted volumes for the following year based on customer's needs?

A: While NYSEG reviews forecasted volumes on an ongoing basis and system needs are subject to changing conditions, the target decrease in demand, or increase in supply, associated with this RFP is 55 MCFH.

31. Q: Will vendors CNG/LNG/RNG equipment be onsite year-round?

A: NYSEG's expectation is that any proposed solution shall meet the reliability needs identified within the RFP. Developers are responsible for creating and proposing all aspects of the project including proposed solutions/resources. If the bidders intend for the equipment to be onsite year-round, this intention should be identified and explained in the Proposal.

32. Q: During peaking days, will NYSEG nominate those days in advance and if so, how many days or hours in advance?

A: Please refer to question number 18 above.

33. Q: Is there any demand from April 1st to November 30th?

A: At this time we do not expect to need the resource outside of the defined time of need (i.e., December 1st to March 31st) specified in Section II.B, Resource Requirements on page 5.