



## Request for Proposal

# Non-Pipe Alternative to Canandaigua Feeder Main Reinforcement Project

July 29, 2022

## Table of Contents

---

I.	Overview.....	3
A.	Introduction .....	3
B.	Background.....	3
C.	RFP Purpose .....	4
II.	RFP Project Description .....	4
A.	NPA Resource(s) Need Summary .....	4
B.	Resource Requirements .....	5
C.	Eligible Resources Types.....	6
D.	Project Economics.....	8
E.	Available Data and Information .....	8
III.	RFP Overview .....	10
A.	Expected Schedule .....	10
B.	Communications and Questions .....	11
C.	Submittal Instructions.....	11
D.	General Guidelines.....	12
IV.	RFP Proposal Format and Content .....	13
V.	Proposal Evaluation .....	16
VI.	Interconnection and Standards.....	18
A.	Dedicated Facilities and Charges (as applicable).....	18
B.	Standards.....	18
VII.	RFP Terms and Conditions.....	20
A.	General .....	20
B.	Disclaimers for Rejecting Proposals .....	20
C.	Proprietary Information.....	21
D.	Representations and Warranties, Binding Proposals.....	21
E.	Credit and Performance Assurances.....	23
F.	Bidder's Waiver of Claims and Limitations of Remedies .....	24
G.	Termination of the RFP and Related Matters.....	24
VIII.	Attachments .....	25
A.	Definitions .....	25
B.	Customer Counts by Street .....	25
C.	Canandaigua NPA Confidentiality Agreement.....	25
D.	Bidder Proposal Template .....	25

## I. Overview

### A. Introduction

The Climate Leadership and Community Protection Act (“CLCPA”) commits New York to reducing greenhouse gas (“GHG”) emissions by 40% from 1990 levels by 2030 and 85% by 2050. Achieving these goals will require a dramatic shift towards innovative alternative approaches to solving natural gas system issues, such as non-pipes alternatives (“NPA”) projects which are intended to cost-effectively alleviate natural gas system constraints and reliability concerns while reducing reliance on fossil fuels.

New York State Electric & Gas (“NYSEG”), a subsidiary of AVANGRID, Inc., is committed to building a portfolio of cost-effective and innovative NPA projects that will grow over time as new opportunities emerge to address traditional natural gas system needs. NYSEG is striving to establish a portfolio of NPA projects offering diversity in terms of customer class (municipal, industrial, commercial, and residential), project size, solution technology type (e.g., heat pumps, demand response, energy efficiency), and location (communities designated as environmental justice or disadvantaged, areas with low to moderate income levels, geographical diversity, etc.). Not only does this growing portfolio demonstrate NYSEG’s commitment to pursuing innovative solutions to traditional system issues, but it will support New York’s clean energy and climate goals by reducing fossil fuel dependence and mitigating GHG emissions through electrification and natural gas load reduction projects.

NYSEG is issuing this Request for Proposal (“RFP”) to qualified and experienced parties (“Bidders”) with the capability to develop and deliver innovative NPA solutions to address gas reliability concerns in the Town of Canandaigua in NYSEG’s Geneva gas service territory located in Ontario County.

### B. Background

NYSEG’s existing natural gas distribution system serving the Canandaigua area is reaching system capacity which is risking NYSEG’s ability to continue to provide reliable service to customers located in this area. Under peak conditions, the feeder main system end-point pressure operates at margin levels causing a constraint at the two (2) district regulator stations that feed the Canandaigua area. This constraint is the result of an increase in the gas load over time which has led to the need for a system upgrade reliability project to improve system pressure. To address reliability concerns, a reduction in demand (or addition in supply) of 55 thousand cubic feet per hour (“MCFH”) or 570 therms/hour is needed to improve system pressure. In the Canandaigua area, peak gas usage times are typically during the coldest days of the year during the months of December through March. Addressing this need will increase system safety, improve reliability, and provide adequate endpoint pressure during those critical times.

## C. RFP Purpose

NYSEG is issuing this RFP for resources to avoid the need for construction of the planned Canandaigua Feeder Main Reinforcement Project, which would consist of installing approximately 8,700 linear feet of gas main to reinforce the 124 pounds per square inch (“PSIG”) feeder main. The resources could consist of a reduction of existing natural gas usage and/or introduction of additional natural gas equivalent supply (in various forms of energy) into the Canandaigua area (“Resources”). NYSEG is encouraging the development and proposal of potential NPA solutions through a wide market audience, seeking the best and most innovative responses to this RFP (“Proposals”) to accomplish these objectives. NYSEG will evaluate the results of this RFP to select cost-effective solution(s) that would meet the identified need, either individually or collectively.

The proposed NPA solution(s) must address NYSEG’s responsibility to provide safe and reliable service at reasonable costs and in an environmentally sound manner.

The term of the agreement associated with this RFP is expected to be 12/01/2023 – 11/30/2033 (10 years).

If you are interested in collaborating with other potential Bidders to this RFP, please send an email to the Canandaigua NPA mailbox (NPA@Avangrid.com) by August 19, 2022, indicating such interest. NYSEG will share your contact information with all other parties who are also interested in collaborating on this RFP for purposes of developing and submitting a Proposal.

## II. RFP Project Description

### A. NPA Resource(s) Need Summary

The Resource needs for this RFP are summarized in the table below, and further detailed in Sections II.B through II.C.

<b>Goal</b>	To improve system reliability and pressure to 70% maximum allowable operating pressure (“MAOP”) in order to mitigate service reliability concerns in the Canandaigua area.
<b>Identified Need</b>	A reduction (or addition) of approximately 55 MCFH <sup>1</sup> in the defined Canandaigua area to help achieve 70% MAOP.
<b>Term</b>	10 Years (12/01/2023 – 11/30/2033)

---

<sup>1</sup> NYSEG will consider cost effective Proposals which are below 55 MCFH but which may make a material contribution to reaching the desired 70% MAOP, as well as cost effective Proposals which are above 55 MCFH which may provide additional system improvement above that which is specifically requested in this RFP.

The existing natural gas system reliability and low pressure concerns in the Canandaigua area occur during times of peak gas usage. Proposed NPA solutions should focus on technology's ability to reduce gas usage during these peak periods.

NYSEG's system planning pressure loss criteria for high pressure distribution and transmission gas mains indicates action is needed when pressure falls at or below 70% MAOP. The Canandaigua system is currently operating at 73 PSIG (59% MAOP). The goal of this RFP is to improve system endpoint pressure toward 70% MAOP to mitigate service reliability concerns in the Canandaigua area. Peak gas usage times are typically the coldest days of the year during the months of December through March. For context, the result of achieving the need described in this RFP would be the increase of the pressure of the Canandaigua system to 86 PSIG to achieve 70% MAOP.

## B. Resource Requirements

Resources proposed in response to this RFP must be able to address NYSEG's responsibility to provide safe and reliable service at reasonable costs.

NYSEG will accept both dispatchable and intermittent Resources that are reliable and proven technologies for consideration as viable NPA solutions. Eligible technologies are further outlined in Section II.C.

Dispatchable Resources are Resources that can be called upon and used on demand to improve gas system pressure. To address NYSEG's responsibility to provide safe and reliable service, any proposed dispatchable Resource must be able to provide a peak day gas demand reduction or increase in gas supply over a minimum of a 24-hour period that begins at 6:00AM Eastern Standard Time ("EST"). The reduction in demand or increase in supply must be available for a minimum of two (2) consecutive days. Given current loads and weather patterns, approximately 121 days per year could require peak shaving or another alternative. These requirements are summarized in the table below:

<b>Period</b>	6:00AM – 10:00PM
<b>Duration</b>	Minimum 2 consecutive days
<b>Hours per Day</b>	Estimated 16 hours per day
<b>Estimated Days/Year</b>	121 days
<b>Months of Need</b>	December 1 <sup>st</sup> – March 31 <sup>st</sup>

Intermittent Resources are Resources that cannot be used on demand. These may include, but are not limited to, energy efficiency measures or fuel switching.

A reduction in demand (or increase in supply) of approximately 55 MCFH in the Canandaigua area is projected to improve the system endpoint pressure to 70% MAOP. This reduction or increase is

needed in the immediate area to be effective at this level. Please double click the icon below to view Figure 1 that identifies the area of impact represented by the pipeline (outlined in red) to which the affected customers are connected.



Canandaigua (pipe  
for customer count).

*Figure 1. Map of Canandaigua NPA Area of Impact*

### C. Eligible Resources Types

The proposed Resource(s) will be required to operate as needed to support the local gas distribution system. This is a technology-agnostic solicitation and NYSEG will consider Proposals that may include one or more of a combination of different technologies that meet the Resource requirements. Resources that provide system relief coincident with peak demand periods are preferred. Resources that do not provide system relief coincident with peak demand may be adjusted to account for the technology specific “coincidence factor” associated with the percentage of load relief which is expected to occur during peak demand periods.

Resources may be in the form of any or all of the following types:

- Fuel substitutions (which may benefit from a net carbon reduction evaluation) including electric/geothermal heat pumps and/or other forms of “beneficial electrification”<sup>2</sup>, including but not limited to:
  - Heat pump water heaters
  - Ground source heat pumps
  - Water source heat pumps
  - Air source heat pumps
  - Installation of other heat pump technologies that convert equipment from a natural gas to electric fuel source

---

<sup>2</sup> If Proposals provide “beneficial electrification” NYSEG will analyze the capability of the existing electric distribution system to support those additional demands. Depending on where additional electric load will be introduced, overloads on existing equipment may result. This cannot be determined until the exact location(s) of where the additional electric load will be introduced are identified. If system improvements to the electric distribution system are required for the safe and effective operation of the proposed RFP Resources on the electric distribution system, NYSEG will identify the costs of those improvements, and the cost of required improvements may be included in the project’s Benefit Cost Analysis (“BCA”) evaluation. Please utilize the following website as a reference to determine where the noted circuits are located:

<https://iusamsda.maps.arcgis.com/apps/webappviewer/index.html?id=2f29c88b9ab34a1ea25e07ac59b6ec56>.

- Incremental natural gas energy efficiency Resources, including but not limited to:
  - High efficiency natural gas heating equipment
  - High efficiency natural gas water heating equipment
  - Other high efficiency natural gas equipment (e.g., cooking appliances, dryers, commercial processes, etc.)
- Incremental natural gas demand response Resources including but not limited to:
  - Fuel switching technology or controls
  - WIFI thermostats with demand response programs
  - Smart water heating
- Introduction of renewable natural gas (“RNG”), compressed natural gas (“CNG”), liquefied natural gas (“LNG”) to the extent allowed by local, State and Federal laws and regulations<sup>3</sup>, and
- Other Resources which meet all the requirements of this RFP, including but not limited to the following:
  - Heat recovery systems
  - Combined heat and power technology
  - Building envelope measures to reduce heating, ventilation and air conditioning (“HVAC”) load, such as insulation and air sealing
  - Financing for energy efficiency or fuel switching Resources
  - Education/community outreach initiatives that facilitate **measurable** gas load reductions
  - Electric energy efficiency, renewable energy, or storage technologies that offset additional electric costs resulting from fuel switching/beneficial electrification

NYSEG will not consider any natural gas load reductions or equivalent supply additions which are already in service as of the release date of this RFP, July 29, 2022, since projects which are

---

<sup>3</sup> 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.

already in service cannot contribute to a future change in the system pressure. Exceptions may include incremental reductions associated with projects which are already in service, as specified previously, and/or projects which may have been initiated prior to the release of this RFP but which have not created natural gas reductions or supply increases. NYSEG will not consider an alternative natural gas pipeline project as a valid Proposal.

Bidders may submit multiple Proposals for any and all or any combination of Resources to meet the needs listed above. NYSEG welcomes comprehensive portfolio Proposals that address system needs through a variety of measures. NYSEG is very interested in receiving collaborative Proposals and encourages potential Bidders to work together as appropriate. NYSEG also reserves the right, but not the obligation to work with Bidders to further develop a portfolio of projects/Proposals or to aggregate Proposals to meet the Resource requirements.

## **D. Project Economics**

Through this RFP, NYSEG is seeking innovative, cost-effective solutions which meet the natural gas delivery needs identified elsewhere in this RFP. A successful Proposal will provide the natural gas supply reductions or equivalent additions which are described throughout this RFP and will be cost effective when compared to the Canandaigua Feeder Main Reinforcement Project.

To evaluate the cost effectiveness of the Proposals, NYSEG will conduct a benefit cost analysis ("BCA") for each Proposal. To conduct this BCA, NYSEG will require detailed Resource cost information as requested later in this RFP and will utilize the estimated value of avoiding the Canandaigua Feeder Main Reinforcement Project as a benefit to the NPA project in the economic analysis. This value is estimated to be approximately \$2.9 million in 2022 dollars.

NYSEG will allow incentive stacking<sup>4</sup> under the NPA RFP so long as the rules of all incentive programs are adhered to and the addition of the NPA funding does not cause the total incentives received to exceed 100% of the projects' costs. Bidders should provide clear information about additional incentives and project funding in their Proposals.

## **E. Available Data and Information**

NYSEG will make as much relevant data available as possible to Bidders. NYSEG, to the best of its knowledge, will provide the most accurate data at the point in time when it is provided to Bidders.

### **i. Customer Counts**

---

<sup>4</sup> Requested NPA funding may be combined with existing applicable NYSEG incentive programs and available rebates (e.g., Clean Heat Statewide Heat Pump Program). Total estimated NYSEG funding (i.e., NPA funding + incentives + rebates) cannot be greater than the total cost of the proposed NPA solution.



As of May 2022, there were 907 non-residential and 7,083 residential customers in the Canandaigua area of impact (total of 7,990 customers).

## **ii. Disadvantaged and Environmental Justice Communities**

Based on the area of impact, approximately 25% of affected customers are located within a disadvantaged community, 5% are located in an environmental justice community and 4% are located within both a disadvantaged and environmental justice community<sup>5</sup>.

## **iii. Customer Usage Data**

Customer count and available average usage information at the town, village and county levels is hosted by the New York State Energy Research and Development Authority (“NYSERDA”) at <https://utilityregistry.org/>. Please consult this data source for aggregated natural gas usage as well as more detailed customer counts.

The following data will be made available upon request and execution of a Confidentiality Agreement, Attachment C:

- Available monthly usage and addresses for residential and non-residential customers in the Canandaigua area of impact.

## **iv. Count of Residential and Non-Residential Customers by Street**

Attachment B to this RFP is a table showing the count of residential and non-residential customers on each street in the Canandaigua area.

## **v. NYSEG Gas Tariffs**

If Bidders are interested in information regarding current NYSEG natural gas tariff structures, please visit [Natural Gas Pricing \(nyseg.com\)](https://www.nyseg.com/natural-gas-pricing).

## **vi. CNG/LNG/RNG Injection Sites**

NYSEG has identified three viable areas for potential CNG/LNG/RNG injection sites illustrated in Figure 2; these are the preferred injection sites. Option #1, along North Road between Brickyard Road to East Street injecting into the 124 PSIG gas main, offers the best solution for potential CNG/LNG/RNG locations to support the Canandaigua system followed by option #2, along Route 46 between Route 10 to Freshour Road into the 52 PSIG gas main, and option #3 along Route 20 between Lakeshore Drive to Route 247 into the 52 PSIG gas main. Bidders may propose alternative injection sites but should note that sites outside of those depicted on the map below may not provide adequate value to the system; NYSEG may evaluate alternative injection sites upon request from Bidders during the Q&A period of this RFP.

---

<sup>5</sup> Please follow these links for the current [disadvantaged communities](#) and [environmental justice](#) areas as this data is subject to change based on final CLCPA and Climate Action Council Draft Scoping Plan.

**Figure 2. Map of Potential CNG/LNG/RNG Injection Sites**



### III. RFP Overview

#### A. Expected Schedule

The following schedule provides milestones associated with this RFP process.

RFP Milestone	Expected Completion Date <sup>6</sup>
July 29, 2022	Issue RFP
August 12, 2022	Pre-bid conference
August 19, 2022	Last day for Bidders to indicate collaboration interest
September 30, 2022	Bidder questions due
October 7, 2022	NYSEG responses to questions due

<sup>6</sup> NYSEG reserves the right to adjust the schedule; adjustments outside of date ranges provided will be distributed via email to interested Bidders.

October 7, 2022	Last day for Bidder Response Template training requests <sup>7</sup>
October 21, 2022	RFP responses due by 5:00PM (EST)
December 23, 2022	RFP results announced
June 23, 2023	Negotiations complete
December 2023 (or sooner)	Anticipated Resource in-service date

## B. Communications and Questions

To help ensure accuracy and transparency of the information provided, NYSEG asks that all communications relative to this RFP take the form of an e-mail directed to:

[NPA@Avangrid.com](mailto:NPA@Avangrid.com)

To indicate Bidder interest to participate in this RFP opportunity, please e-mail [NPA@Avangrid.com](mailto:NPA@Avangrid.com). Upon NYSEG's receipt of a respondent's interest, NYSEG will provide the respondent with details regarding the RFP pre-bid teleconference which is scheduled August 12, 2022.

Bidders are encouraged to submit questions at any time prior to the noted above last day for Bidder questions which is – September 30, 2022. Questions and answers with the originating parties' name withheld, will be shared via email with all interested parties and will also be posted to NYSEG's website ([click here](#)) prior to the deadline for RFP responses. Bidders are encouraged to mark any questions which are confidential as such, and if in agreement that the response should be confidential, NYSEG will respond to the submitting party confidentially regarding those confidential questions only. NYSEG may, in its sole discretion, decline to respond to any email or other inquiry without liability or responsibility.

## C. Submittal Instructions

NYSEG respectfully requests that all responses to this RFP be limited to forty (40) pages, including all attachments, except for Attachments A-D to this RFP. This limitation is intended to aid both Bidders and reviewers, and those portions of responses which exceed the 40-page limit (not including Attachments A-D) will not be evaluated. This 40-page limit includes all other attachments, specification sheets, brochures, and other addenda.

All Proposals must be received in electronic form via email submission to [NPA@Avangrid.com](mailto:NPA@Avangrid.com) by October 21, 2022, at 5:00PM (EST).

---

<sup>7</sup>Bidders have until October 07, 2022, to request one-on-one training on the Bidder Response Template which is a requirement for bid responses to this RFP.

The electronic documents must be in a Microsoft Word, Excel or Adobe (pdf) file, as applicable. Please note that it is not necessary to submit a paper copy of the Proposals. No other software-created documents should be provided, nor should hard copy alone documents be accepted. Electronic documents must be emailed to [NPA@Avangrid.com](mailto:NPA@Avangrid.com). Electronic documents should be unlocked to allow calculations to be viewed.

## **D. General Guidelines**

The following general guidelines are provided to clarify the expectations of this RFP and to assist Bidders in developing Proposals:

- NYSEG will not consider any natural gas load reductions or equivalent supply additions which are already in service as of the release date of this RFP. Projects which are already in service cannot contribute to a future change in the system pressure for the area of impact. Exceptions may include incremental reductions associated with projects which are already in service and/or projects which may have been initiated prior to the release of this RFP but which have not created natural gas reductions or supply increases. NYSEG will not consider an alternative natural gas pipeline project as a valid Proposal.
- Proposals must be capable of providing the reliability support and satisfying the other demand-related requirements indicated within this RFP.
- NYSEG may accept a portfolio of projects/Proposals or aggregate Proposals to meet the Resource requirements. Notwithstanding the requirements for cost effective solutions to the system needs identified in this RFP, a Proposal which offers a diverse set of solutions may be considered ahead of a single solution.
- NYSEG may ask Bidders to elaborate or clarify specific points or portions of their Proposals. Clarification requests may take the form of written questions, phone calls or requests for in-person meetings.
- NYSEG reserves the right to make changes to this RFP by issuing one or more addenda or amendments and to distribute additional clarifying or supporting information relating to any changes. Information will be distributed via email to Bidders that have expressed interest in the RFP.
- Bidders are encouraged to provide and release necessary authorizations for NYSEG to verify any of such Bidder's previous work, except where it is contractually prohibited from doing so pursuant to customer agreements.
- 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.

## IV. RFP Proposal Format and Content

Bidders must provide the information described below for NYSEG to consider their Proposals.

NYSEG will only entertain Proposals that meet the requirements described within this RFP.

**Proposals should be limited to forty (40) pages, including all supplemental documents.**

Bidders should provide the following information in the format described here. Required information for all Resources and additional required information “if applicable” is described below. Please note that all information requested below should be included in the Proposal Sections 1 – 7 shown below. There should be no other documents submitted to NYSEG with the Proposal.

Proposal Section	Proposal Section Title
1	Executive Summary
2	Body of Proposal
3	Pricing
4	Bidder Qualifications and References
5	Assumptions and Exceptions
6	Bidder Proposal Template (Attachment D)
7	Confidentiality Agreement (Attachment C)

1. Executive Summary – A 1-2-page, concise review of the solution presented in the Proposal. This summary should include the size of the Resources proposed in MCFH.
2. Body of Proposal – This information should constitute the majority of the allowed forty (40) pages for the Proposal. Please note that not all of the following information is required for all Proposals, but that all relevant and applicable details of the solution should be provided here, including but not limited to:
  - a. Description and location(s) of the Resources proposed.
  - b. Amount of gas to be reduced or added to the system in MCFH including back up calculations.
  - c. Expected project timeline and anticipated in service date for Resources.
  - d. If applicable, a description (quantity, size, manufacturer, etc.) of the main mechanical and electrical pieces of equipment used for the project. For example, this would include a description of heat pumps and other beneficial electrification equipment, which is proposed, if applicable.

- e. If applicable, information about the fuel supply including duration of fuel stored onsite, and the ability to obtain and replenish the fuel supply to the facility.
- f. If leasing equipment, specify the terms and the final cost to the customer.
- g. Specify any electric or gas distribution system interconnection need.
- h. Identify the method of customer acquisition (e.g., marketing, community events, educational initiatives, etc.). If collaboration with NYSEG or other entities is anticipated, outline expectations and associated pricing.
- i. For energy efficiency and demand response Proposals: If applicable, include types and number of facilities at which the measure(s) will be implemented, including customer classes, end users served and for relevant energy efficiency and/or demand Resources, individual facility hours of operation relative to applicable energy savings/reduction measures. Specify the measures that will make up the natural gas reduction.
- j. Information describing to what extent the Resource design involves clean power supply sources that minimize environmental impacts.
- k. If available, description of the maturity and proven reliability/performance of the proposed solution's technology.
- l. Dispatchable Resources must be available by the twenty-four (24) hour notification period provided by NYSEG.
- m. Type of notice required for CNG/LNG/RNG suppliers (phone call, no notice, email, other type of system).
- n. Provide a detailed measurement and verification ("M&V") plan which substantiates the reasonableness of the estimated supply or reduction values including methods that will be used to determine supply and/or savings performance from a specific NPA contracted project. It should be noted that for equipment conversions, NYSEG requires that gas equipment be removed from the customer site.

### 3. Pricing

- a. Include pricing in bid price (\$/month) row within the Bidder Response Template (Attachment D)
- b. Identify total project costs if different from Proposal pricing.

- c. Provide breakdown of all Proposal costs, including but not limited to upfront costs, customer acquisition, marketing, incentives, administration, M&V, site control, decompression station costs for CNG/LNG/RNG, etc.
- d. Provide a breakdown of costs to NYSEG, to the customer, and details of other incentive programs to be utilized.
- e. For RNG Proposals for direct distribution system interconnection, provide pricing estimates for the following scenario:

MCFH Resource Need	ESTIMATED Hrs./Day	Estimated Days/Year	Months of Need	Commodity Rate	Estimated Total Price (\$)/year
55 MCFH	16	121	December 1 – March 31	Bidder Provided	Bidder Provided

- f. For CNG/LNG/RNG Proposals for delivered fuel, provide pricing estimates for the following scenario:

MCFH Resource Need	ESTIMATED Hrs./Day	Estimated Days/Year	Months of Need	Demand Charge	Commodity Rate	Delivery Rate	Estimated Total Price (\$)/year
55 MCFH	16	121	December 1 – March 31	Bidder Provided	Bidder Provided	Bidder Provided	Bidder Provided

4. Bidder Qualifications and References

- a. A description of Bidder's experience in developing projects such as contemplated in the Proposal, particularly in New York.
- b. Bidder contact information.

5. Assumptions and Exceptions

- a. Documentation of verified savings from comparable projects to substantiate the reasonableness of the estimated reduction values.
  - b. Operational constraints associated with the proposed Resources.
6. A Bidder Proposal Template (Attachment D) is required for conducting the BCA, Proposals that do not submit the template will not be evaluated. NYSEG may contact Bidders with questions and clarifications on their template to conduct the BCA. Bidders may also request one-on-one trainings with NYSEG for this template. The deadline for requesting training is October 7, 2022.



7. A Confidentiality Agreement (Attachment C) will be required to be executed if a Bidder wants to keep their response confidential, if they wish to receive the available data listed in Section II.E., or if a contract is considered in the future as a result of a successful Proposal.

## V. Proposal Evaluation

To evaluate Proposals, NYSEG will utilize its BCA methodology for NPA. NYSEG uses the societal cost test ("SCT") as the primary measure of cost effectiveness in its BCA methodology. This cost test includes not only the direct costs and benefits of a project/program (e.g., capital costs, avoided upstream supply costs) but also broader externalities associated with the project/program (e.g., CO2 and other net non-energy benefits). The SCT aims to answer the question "Is the State of New York better off as a whole?" The Proposal evaluation methodology will consider the following:

1. **Reliability** – The ability of the Resource to contribute to the alleviation of the identified low-pressure situation;
2. **Economic Impact** – To evaluate the cost effectiveness of the Proposal, NYSEG will conduct a BCA for each Proposal. To conduct this BCA, NYSEG will require Resource cost information as requested in this RFP and will utilize the estimated value of avoiding the Canandaigua Feeder Main Reinforcement Project as a benefit to the NPA project in the economic analysis. This value is estimated to be approximately \$2.9 million in 2022 dollars.
3. **Environmental impacts** - Including but not limited to, air, noise, visual, water and soil impacts. Specifically, net carbon reduction<sup>8</sup> or lack thereof, may be considered;
4. **Technical Reliability** – The type of technology and the equipment being proposed. This will examine whether there is high reliability due to Resource design that is tried and proven with historical evidence of high availability.

NYSEG may include the following benefits and costs in its BCA methodology, provided that these benefits and costs are **quantifiable**:

Benefits:

- Avoided distribution infrastructure costs

---

<sup>8</sup> "Net Carbon Reduction Analysis" is a process which identifies and monetizes the positive value of projects which remove carbon from the atmosphere, and that monetized value is utilized as a benefit in the formal BCA framework. For example, projects which remove fossil fuel combustion (from natural gas or other fuels) and replace it with electrification should be expected to have a positive benefit from a net carbon reduction analysis, so long as the source of the electric generation used is primarily renewable or other clean energy sources.



- Avoided upstream supply costs
- Reliability/resiliency benefits
- Avoided emissions, including avoided CO2 emissions from energy savings, and avoided methane emissions from gas delivery.

Costs:

- Program administration
- Incremental distribution system investments (gas and/or electric)
- Participant NPA costs (i.e., the cost of the NPA solution other than administration)
- Alternative fuel costs
- Alternative fuel emissions

NYSEG will also consider the timing and availability of proposed solutions. Because this NPA RFP is meant to address a current system reliability need, solutions that provide system relief sooner than the required in service date of December 2023 would be considered more favorably.

If a Proposal does not pass the BCA or is not cost effective relative to other Proposals, NYSEG in their sole discretion may reevaluate the Proposal with a lesser incentive than the Proposed amount to determine if they can provide some level of funding that does pass the BCA.

NYSEG requires that gas reductions through equipment replacements be determined through the specifications of the gas equipment that has been replaced and removed from the site. Acceptance of a Proposal will occur based on the BCA score and Proposal's cost effectiveness.

## VI. Interconnection and Standards

The Bidder will be expected to work with NYSEG to install any interconnections to NYSEG's natural gas or electric distribution systems as may be required to operate/utilize the Resources proposed. Generally, NYSEG will perform any required work to its distribution system for interconnection and Bidders must perform work on the customer's side of the meter. All costs of interconnection will be included as a cost in the BCA analysis.

### A. Dedicated Facilities and Charges (as applicable)

It is not required but it is possible that a Proposal may require a separate (i.e., "dedicated") "city gate tap" or other facilities connecting the Resources to a gas supply pipeline or other source. Dedicated facilities in this case would be all facilities needed to interconnect this source of supply to the NYSEG natural gas distribution system. Bidder is solely responsible for the design, planning, permitting, installation, and costs of the dedicated facilities (e.g., city gate tap).

### B. Standards

Proposals will be required to meet the following standards as appropriate:

- a. Facility Standards. Facilities must be designed and constructed such that all gas supply, scheduling, transmission and distribution services shall be performed in compliance with all applicable laws, operating policies, criteria, rules, guidelines and tariffs of the New York Public Service Commission ("NYPSC"), Federal Energy Regulatory Commission ("FERC"), State and Federal laws and regulations, follow Good Utility Practice and meet NYSEG's design, construction standards, and operation and maintenance procedures. Bidder, at its own expense, shall fulfill all contractual, metering and interconnection requirements as set forth in NYSEG's applicable tariffs, to the extent that they apply to FERC tariffs, and the terms required by any Service Agreement entered into as a result of any future RFP. Meet any other state agency requirements [e.g., Department of Environmental Conservation ("DEC")].
- b. Gas Supply Standards. To the extent that a Resource proposed provides, utilizes or in any way modifies the natural gas supply to an end use customer, Bidder shall follow all procedures, rules and regulations which are a part of NYSEG's Natural Gas Retail Access Program, including the Uniform Business Rules, Energy Service Company ("ESCO") Qualifications, Creditworthiness Requirements and NYSEG's Gas Transportation and Supply Tariffs. Please click [here](#) to view the gas quality standards for RNG/CNG/LNG. Additionally, RNG producers must adhere to NYSEG's How to Become a Natural Gas Producer process outlined at this [link](#).

- c. Protective Apparatus. The project design and associated facilities must include but shall not be limited to the following safety and control equipment. NYSEG requires this be in place prior to operation of all facilities to protect its gas distribution system as well as Company personnel and the general public from potential damage or harm as a result of abnormal operating conditions. All of the following must be in accordance with the latest editions of NYSEG's Gas Construction Standards, Gas Operating & Maintenance Procedures, USDOT 29 CFR Part 192, NYCRR Part 255, National Electric Code ("NEC"), National Fuel Gas Code and applicable National Fire Protection Association ("NFPA"), American Petroleum Institute ("API"), American National Standards Institute ("ANSI"), American Society of Mechanical Engineers ("ASME") and American Gas Association ("AGA") Classification of Gas Utility Areas for Electrical Installation standards:
- Safety relief valves to protect against gas system over pressurization;
  - Gas odorization equipment to ensure readily detectible levels of gas-in-air concentrations should a leak occur;
  - Gas pressure, gas temperature, online water and hydrogen sulfide monitoring equipment capable of being remotely monitored;
  - Remote Terminal Unit ("RTU") for local system operating function awareness and remote communication with NYSEG's Gas Control Center;
  - Site security devices such as lighting, equipment locks, building entry alarms and tamper-proof main gates; and
  - Combustible gas indicators to monitor for the presence of gas within facility areas and the installation of cathodic protection devices for all buried steel gas facilities.
- d. Demonstrate that they can obtain and comply with all required environmental and operating permits while meeting the requested reliability needs.
- e. Proposals which include "beneficial electrification" or other fuel switching from another fuel to electricity may require an analysis of their potential impact on the electric grid, any improvements which might be needed to the grid, and any costs which may be associated with those grid improvements. That analysis will not be completed as part of the evaluation of Proposals. However, it will be a part of the BCA used to evaluate potential Proposals to a future RFP.

- f. Any violations of the standards, terms and conditions of this RFP or future requirements provided in an amendment to the Bidder may result in performance penalties including but not limited to financial penalties, suspension, and/or termination.

## **VII. RFP Terms and Conditions**

### **A. General**

Bidders should clearly state all assumptions made about the meaning or accuracy of information contained in this RFP. In the absence of a question or clarifying assumption from a Bidder, each Bidder shall be deemed to have agreed with and understood the requirements of this RFP. While NYSEG has endeavored to provide accurate information to Bidders, NYSEG makes no such warranty or representation of accuracy.

Any transaction resulting from this RFP will be subject to NYSEG receiving all required regulatory approvals, including, but not limited to, acceptance by the NYPSC of the transaction as well as approval for cost recovery acceptable to NYSEG. Participants in this RFP agree to execute a definitive Agreement with terms customary in the industry and appropriate under the circumstances ("Agreement").

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 Bidders. 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. NYSEG shall not be obligated by any Proposals or by any statements or representations, whether oral or written, that may be made by NYSEG or its employees, principals, or agent.

### **B. Disclaimers for Rejecting Proposals**

It is solely the responsibility of each Bidder to ensure that all pertinent and required information is included in its Proposal. NYSEG reserves the right to determine, at its sole discretion, whether a Proposal is incomplete or non-responsive.

This RFP does not constitute an offer to buy and creates no obligation to execute any Agreement or to enter into a transaction under an Agreement as a consequence of this RFP. NYSEG shall retain the right at any time, in its sole discretion, to reject any Proposal provided to this RFP. NYSEG also retains the discretion, in its sole judgment, to: (a) reject any Proposal on the basis that it does not provide sufficient ratepayer benefit or that it would impose conditions that NYSEG determines are impractical or inappropriate; (b) formulate and implement appropriate criteria for the evaluation and selection of Proposals; (c) modify this RFP as it deems appropriate to implement the RFP and to comply with applicable laws or other direction provided by the

NYPSC; and (d) terminate the RFP. In addition, NYSEG reserves the right to either suspend or terminate this RFP at any time for any reason whatsoever. NYSEG will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this paragraph to Bidder(s).

### **C. Proprietary Information**

If a Proposal includes any proprietary data or information that a Bidder does not want disclosed to the public, such data or information must be specifically designated as such on each page on which it is found. NYSEG shall be held harmless from any claim arising from the release of proprietary information not clearly identified as such by a Bidder. Because of the need for public accountability, the following information regarding the Proposal shall not be considered proprietary, even if such information is designated as such: pricing terms and non-financial information concerning compliance with RFP specifications.

Subject to the foregoing, NYSEG reserves the right in its sole discretion and without liability, to utilize any or all of the submissions, Proposals and materials received in connection with this RFP in NYSEG's planning efforts and otherwise.

### **D. Representations and Warranties, Binding Proposals**

Bidder's Proposal(s) shall be deemed to have made the following representations, warranties, and covenants to NYSEG, which representations, warranties, and covenants shall be deemed to be incorporated in their entireties into Bidder's Proposal(s). Any Proposal shall include Bidder's agreement to be bound by the conditions of the RFP, including these conditions, in submitting Bidder's Proposal.

1. Bidder has read, understands and agrees to be bound by all terms, conditions and other provisions of the RFP documents;
2. Bidder has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFP, the RFP Documents, including any appendices;
3. Bidder acknowledges and agrees that, in NYSEG's evaluation of Proposals pursuant to this RFP, NYSEG reserves the right to disqualify Bidder if it is unwilling or unable to meet NYSEG's credit requirements;
4. Bidder has obtained all necessary authorizations, approvals and waivers, if any, required by Bidder as a condition of submitting its Proposal and, if Bidder's Proposal is selected and a final Proposal is requested, Bidder will execute an Agreement with NYSEG; Bidder may, but is not required to, include with their RFP response, preliminary agreements with all required host customers to participate as specified in

the Bid response, which shall be replaced with binding host customer agreements prior to execution on any service agreement contemplated in this RFP;

5. Bidder is submitting its Proposal subject to all applicable laws and regulations;
6. Bidder has not engaged and covenants that it will not engage in any collusion or other unlawful or unfair business practices in connection with this RFP;
7. The information submitted by Bidder to NYSEG in connection with this RFP, and all information submitted as part of the Proposal is true and accurate as of the date submitted by Bidder. Bidder covenants that any information requested herein and such attachments, but not provided to NYSEG as part of the Proposal, will be provided to NYSEG on or before the date that Bidder specified for provision of the information in the timeline provided. Bidder also covenants that it will promptly update such information upon any material change thereto;
8. In addition, Bidder's submission of a Proposal is their acknowledgement and agreement that:
  - a. NYSEG will rely upon all representations, warranties, and covenants in the Proposal Submittal Package; and
  - b. NYSEG may disclose information as set forth in the Confidentiality Agreement (Attachment C);
9. Bidder represents and warrants that each project that is the subject of Bidder's Proposal meets the design-life requirements of this RFP. In the case where a host customer which is a part of this agreement shall vacate the associated host customer facility used as a part of the NPA solution, the Bidder shall have the opportunity to propose to NYSEG the substitute of a similar Resource, acceptance of which shall be at NYSEG's sole discretion. In the case where a host customer shall vacate, and a substitute shall not be provided, further payments for that Resource shall be permanently suspended;
10. Bidder covenants that it will provide information requested not longer than one week following Bidder's receipt of NYSEG's request for such information;
11. Bidder covenants that it will promptly provide NYSEG with any changes or updates to the implementation schedule;
12. Bidder covenants that it will promptly provide NYSEG with any changes to its Proposal between the date of the Proposal and the execution of an Agreement, including any changes to applicable host customer sites and agreements;
13. Bidder agrees and acknowledges that NYSEG reserves the right at any time, in its sole discretion, to abandon this RFP, to change any dates specified in this RFP, to change

the basis for the evaluation of Proposals, to terminate further participation in this process by any party, to accept any Proposal or to enter into any Agreement, to evaluate the qualifications of Bidder and/or the terms and conditions of any Proposal, to reject any or all Proposals, to prohibit or limit mutually exclusive Proposals, to consider additional products, to change any form, document, term or condition used in this RFP at any time during the RFP process, or waive any irregularities, all without notice and without assigning any reasons and without incurring liability of NYSEG, or any of their respective subsidiaries, affiliates, or representatives to Bidder or any other party. NYSEG shall have no obligation to consider any Proposal submitted. NYSEG will not reimburse Bidder for its expenses related to this RFP under any circumstances, regardless of whether the bidding process proceeds to a successful conclusion or is abandoned. NYSEG shall not be deemed to have accepted any Proposal, and shall not be bound by any term thereof, unless and until an authorized representative of NYSEG executes an Agreement with Bidder;

14. Bidder agrees and acknowledges that information provided by it to NYSEG pursuant to this RFP will be subject to the disclosure requirements of the NYSPSC or other applicable law or regulation; and
15. Bidder agrees and acknowledges that failure to meet reliability and regulatory requirements set forth within this RFP may result in financial adjustments and/or damages associated with non-performance of contracted Resources.

### **E. Credit and Performance Assurances**

In its evaluation of a Proposal, NYSEG will consider Bidder's capability to perform all of its financial and other obligations including, without limitation, Bidder's ability to provide performance assurance that the Resource would be available and operate as required under the executed Agreement ("Performance Assurance"). This assurance will be provided to NYSEG by the expected effective date in the Agreement. This assurance includes the ability of Bidder to fund the reliability Proposal as described in this RFP.

If any non-public information is available and requested to be shared, Bidder shall be required to complete and submit the Confidentiality Agreement (Attachment C) prior to receipt of the non-public information. NYSEG may also request private financial statements of bidder and bidder's parent company, to assess financial condition of the bidder, which shall be covered under the Confidentiality Agreement (Attachment C).

In the event Bidder is awarded an Agreement to provide the Resources negotiated as part of this RFP, prior to or concurrent with the execution of a contract to secure these Resources, Bidder shall be required to complete and submit the Confidentiality Agreement (Attachment

C), Third-Party Lite Assessment Form (Attachment E), and a Data Security Rider (Attachment F) with cyber insurance requirements, if those agreements are not already in place and applicable to the Agreement associated with this RFP.

In the event Bidder would like to execute a Confidentiality Agreement (Attachment C) prior to the submission of a Proposal, the Confidentiality Agreement (Attachment C) should be executed by the Bidder and sent to NYSEG for execution.

## **F. Bidder's Waiver of Claims and Limitations of Remedies**

Except as expressly set forth in this RFP, by submitting a Proposal, Bidder knowingly and voluntarily waives any rights under statute, regulation, state or federal constitution, or common law to assert any claim or complaint or other challenge in any regulatory, judicial or other forum, including the NYPSC, the FERC, the Supreme Court or any other court in the State of New York ("State Court") or United States District Court or any other United States Court ("Federal Court") concerning or related in any way to the RFP and/or any appendices to the RFP ("Waived Claims"). The assertion of any Waived Claims by Bidder at the NYPSC, FERC, State Court, Federal Court, or otherwise shall, to the extent that Bidder's Proposal has not already been disqualified, provide NYSEG the right, and may result in NYSEG electing, to reject such Proposal or terminate the RFP.

## **G. Termination of the RFP and Related Matters**

NYSEG reserves the right at any time, in its sole discretion, to terminate the RFP for any reason whatsoever without prior notification to Bidders and without liability of any kind to or responsibility of NYSEG or anyone acting on NYSEG's behalf. Without limitation, grounds for termination of the RFP may include the assertion of any Waived Claims by Bidder or a determination by NYSEG that, following evaluation of the Proposals, there are no Proposals that provide adequate ratepayer benefit.

NYSEG reserves the right to change the Proposal evaluation criteria for any reason, to terminate further participation in this process by Bidder, to accept any Proposal or to enter into any definitive Agreement, to evaluate the qualifications of Bidder, and to reject any or all Proposals, all without notice and without assigning any reasons and without liability to NYSEG or anyone acting on NYSEG's behalf. NYSEG shall have no obligation to consider any Proposal.

In the event of termination of the RFP for any reason, NYSEG will not reimburse Bidder or participant(s) for any expenses incurred in connection with the RFP regardless of whether Bidder's Proposal is selected, not selected, rejected, or disqualified.



## VIII. Attachments

- A. Definitions
- B. Customer Counts by Street
- C. Canandaigua NPA Confidentiality Agreement
- D. Bidder Proposal Template
- E. Third-Party Lite Assessment Form
- F. Data Security Rider