

MA Gas Infrastructure Expansion – RFP Issued October 23, 2015
Response to RFP Questions from Bidders

November 5, 2015

Question 1. The RFP for MA calls for under Part B – Requirements:

Item 10 – Audited Financial Statements, Annual Reports and Credit Ratings

Item 11 – Business Condition and Financial Reports

As such, XXX inquires about the necessity of these items for an interstate pipeline. XXX proposes to build and own facilities to transport gas to desired markets and earn a return via a negotiated rate with National Grid or Eversource. As such, are these financial items applicable to the decision process?

Response: Yes, to establish that an entity is creditworthy and of financial strength to deliver on the proposed project over a 15 to 20 year term, it is essential that information is provided that demonstrates the ability of the Bidder to meet the contractual commitments throughout the term.

Question 2. Will all questions and responses be made available to all potential bidders?

Response: The EDCs will endeavor to publish via the web all written responses to questions in a timely manner, but will not post any responses that in our sole discretion could jeopardize the competitive nature of any particular bid.

Question 3. At what time tomorrow (October 30, 2015) will the window for bidder questions close?

Response: The close of business, 5:00 PM EST.

Question 4. Will preference be given to projects that can provide firm transportation service to generation facilities located within your respective EDC service territories, or is the focus on the ability of the project to serve generation located throughout New England regardless of location? Please explain.

Response: The MA EDCs will evaluate all aspects of the proposed project(s) and their respective ability to generate net benefits to MA EDCs customers that would additionally enhance EDC reliability in the region.

Question 5. Will National Grid and Eversource be working together on the evaluation of the RFP responses, or will they be conducting independent evaluations? Under either scenario, what are the criteria that will be used to evaluate the RFP proposals and how were they developed? For example, in section E, the RFP notes that in order to obtain approval by the MDPU an EDC must demonstrate that the proposed contract results in net benefits for EDC customers at a reasonable cost. What criteria will Eversource and National Grid use to determine the “benefits” of a particular proposal?

Response: The EDC standards for approval are delineated in the MA DPU Order in 15-37. Eversource and NGrid will work together but are separate contracting entities and as such will perform their own assessments, selections, and filings before the MA DPU.

Question 6. Is it expected that Eversource and National Grid will select the same proposal(s)?

Response: As each EDC will be a contracting entity and will perform their own independent analysis, it is possible that the selections will not be identical.

Question 7. The RFP states that proposal(s) selected by Eversource and National Grid would be based on the individual EDCs share of New England region-wide load. Please provide the assumed percentage of overall New England electric load of each New England state, and, for each Eversource EDC and National Grid EDC, the individual EDCs’ load share within each state.

Response: The Companies’ load share of the regional total is the proportional percentage of the electric power load in the region extrapolated to the selected project scale. Below are additional sources of information on electric load share:

<http://www.iso-ne.com/isoexpress/web/reports/load-and-demand/-/tree/net-ener-peak-load>

<http://www.mass.gov/eea/grants-and-tech-assistance/guidance-technical-assistance/agencies-and-divisions/doer/electric-customer-migration-data.html>

Question 8. In Section A, when evaluating proposals, what is the relative weight that will be assigned to the two goals: a) “increase the reliability of electric service”, and b) “reduce electric costs”?

Response: The MA EDCs will evaluate the proposals consistent with the order provided on October 2, 2015, by The Massachusetts Department of Public Utilities (“MDPU” or the “Department”) issued a policy decision in D.P.U. 15-37, authorizing Massachusetts Electric Distribution Companies to propose innovative mechanisms to secure new natural gas capacity for the region to benefit electric customers (the “Order”). The Department determined in the decision that it has the legal authority under G.L. c. 164, § 94A (“Section 94A”) to review and approve contracts filed by Electric Distribution Companies for pipeline capacity

Question 9. In Section A, please elaborate on the intent “to have competitive bidding for capacity releases.” Do Eversource and National Grid contemplate that the competitive bidding will be conducted in accordance with the pipeline’s existing FERC tariff authority governing capacity release transactions, or will it be done outside of the pipeline’s tariff with the pipeline simply facilitating the release?

Response: It is necessary that any project include a provision in the service agreement and/or the general tariff, that is ultimately approved by the FERC, that ensures that capacity can be released on a preferential basis to generators in ISO-NE.

Question 10. The Precedent Agreement attached to the RFP contains a Shipper’s Condition Precedent at Par. 7(b)(v) of “Receipt of Authorization from FERC on or before [DATE] allowing Shipper to release capacity to electric generators on a preferential basis.” Is it the EDC’s intention to seek FERC authority for the stated capacity release preference or is it contemplated that a pipeline(s) would do that?

Response: The EDCs preference is that the pipeline(s)/project(s) seek the necessary authority and approval from FERC to release capacity to ISO-NE generators on a preferential basis. The EDC’s will participate with the states, the pipelines and FERC in seeking approvals that contemplate preferential allocation of capacity to power generation as a condition for state approval and allocation of the costs to retail customers.

Question 11. In Section B.1, regarding the “list of power generators within New England for which the delivery of primary firm gas supply is possible under the proposal, including identification of the volumes of gas [that] can be delivered to each facility under peak demand conditions,” are the “peak demand conditions” intended to mean peak gas demand conditions, or peak electric demand conditions, or coincidental peak conditions?

Response: The MA EDCs are requesting services to be available during peak gas demand

Question 12. Section B.5 states: “Bidders are required to identify . . . a guaranteed in-service date.” Because projects are subject to a number of regulatory approvals (e.g., FERC, state commissions approving contracts, etc.), please explain what is meant by a “guaranteed in-service date” and what conditions on the guaranteed in-service date will be acceptable.

Response: The EDCs are interested in long term solutions that can be effectuated in an expeditious manner, as such the EDC are seeking a hard date for the project to go in service that has associated conditions and provisions if not attained.

Question 13. To the extent that a Bidder does not have primary firm pipeline transportation capacity to a generator as of the RFP due date (i.e., November 13, 2015), will that particular product or solution be automatically rejected by you?

Response: Primary capacity is a necessary and critical threshold requirement to any proposed solution and must be available as of the in service date of any proposed solution. To the extent that Bidder does not hold such capacity as of the date of its bid, Bidder should explain in detail how it will acquire/construct such capacity so that it is available as of the proposed in-service date. Also, in its submission Bidder should include all associated rates and terms so that the evaluation can be completed.

Question 14. On page 3 of the RFP, Section 3 Quantity, there is a statement that says "...nor shall...any individual project be less than 500,000 MMBtu/day." Should a Bidder interpret that statement as it must submit a project, product or solution or combination of the foregoing that in total is at least 500,000 MMBtu/day, especially in light of the succeeding sentence which reads "Accordingly, alternative proposals may be submitted for alternative total project facility and size configuration."

Response: 500,000 MMBtu/day is the minimum solution size - the alternatives must be in the range of 500,000 MMBtu/day to 2,000,000 MMBtu/day.

Question 15. On page 4 of the RFP, Section 4 Price, in the parenthetical it states "... (not less than 15 years but not to exceed 20 years)..." Should a Bidder interpret that statement as a requirement that a project, product or solution must have a minimum term of 15 years and a maximum term of 20 years or is the statement in the parenthetical an example of what should be provided for each project, product or solution?

Response: Yes, the minimum term is 15 years and the maximum is 20 years.

Question 16. XXX will be submitting bids along with other connecting pipelines. For full path to supply bids (for example, XXX to XXX on XXX) should we submit as separate bids from each company, or as one consolidated bid presented by XXX?

Response: A consolidated bid is acceptable that meets the criteria. However the Bidder must meet the threshold bid requirements, must provide details of all of the bid components and must represent that they are authorized to speak on behalf of the other entities involved in any consolidated project proposal

Question 17. Will the Companies split the (full path) capacity that they purchase between different bidders if they determine that it benefits their reliability and diversity of supply?

Response: Yes, the EDCs reserve the right to take a portion of a project(s).

Question 18. Do all of the “TBD” and placeholder “X”’s in the PA, including the terms on the “Attachment A-2, Negotiated Rate Agreement” need to be filled in with bid now, or will some or all of them be negotiated later?

Response: The MA EDCs request that the bidder provide the most thorough and complete package possible in their submittals so that the EDCs can properly evaluate the scope and value of the proposed service.

Question 19. [Specific Questions from Bid Documents]“If the EDCs determine that proposals submitted in response to this RFP are commercially reasonable and sufficiently sized to address region-wide electric supply cost and reliability concerns, they intend to negotiate with the selected Bidder(s) and to finalize a contract that will be filed with the MDPU for approval. Any such determination would be made individually by EDCs on behalf of their respective Electric Distribution Companies”.

- a) The RFP discusses minimum a regional individual project bid size of 0.5 BCF/day and maximum regional volume of 2.0 BCF/day of natural gas pipeline capacity. What are the individual Companies’ load shares of the regional total and how is it determined?

Response: The Companies’ load share of the regional total is the proportional percentage of the electric power load in the region extrapolated to the selected project scale. Please see response to Question 7 for additional sources of information on electric load share.

Question 20. As the two MA Companies and one RI Company are individually filing with their respective state regulatory agencies, what will happen in the instance of partial approvals – i.e. will the approved Company(ies) move ahead with their portion of the volumes?

Response: The EDCs anticipate that the scenario of partial approval(s) would be addressed in a precedent agreement executed by the parties prior to filing with the state regulatory body.

Question 21. Recognizing that the coordination process determination between the other New England states is on-going, how do the Companies anticipate that other states’ activities will impact their implementation of this RFP and RFP process?

Response: The EDCs expect that the state approval process and outcome will provide guidance on this question/issue.

Question 22. “It is anticipated that any contract(s) filed for approval with the MDPU would contain cost support of the associated proposed project(s) reflective of the cost that would apply to MA EDCs electric distribution customers based on such customers share of New England region-wide load.”

- a) How would the MA EDC’s electric distribution customers’ share of the New England region-wide load, with respect to natural gas pipeline capacity, be determined?

Response: The EDCs’ load share of the regional total is the proportional percentage of the electric power load in the region extrapolated to the selected project scale.

Please see response to Question 7 for additional sources of information on electric load share.

- b) Will out-of-state electric generators be treated any differently in the MA natural gas pipeline acquisition, capacity release or asset management process, than generators located within MA, or within one of the Companies’ service territories?

Response: The MA EDCs will evaluate all aspects of the proposed project(s) and their respective ability to generate net benefits to MA EDCs customers that would additionally enhance EDC reliability in the region.

Question 23. “Multiple states within New England are considering the procurement of natural gas resources to improve electric supply reliability and to meet other goals. Although this RFP is issued on behalf of EDCs’ electric customers, EDCs are committed to working to further the collective interests of the New England States to procure natural gas capacity resources on behalf of customers in the region.”

- a) If the other New England states do not move forward or do not move forward in a timeframe that MA considers timely, will the Companies move forward on their own - If yes to timeliness question in 3(a), what would be considered timely?

Response: The path forward in MA will depend upon the MA DPU Order in any EDC filing made with the DPU for approval of such project(s).

Question 24. “The primary firm gas supply resources solicited in this RFP are intended to be utilized by gas-fired generators in the New England region to improve regional electric supply reliability and lower the regional cost of retail electricity in substantial and timely manner.”

- a) Will the natural gas pipeline capacity purchased by the Companies be made available to any gas-fired generator in the ISO-NE Region? If so, will there be any priority assigned to such generators, other than by price bid for the capacity?

Response: The MA EDCs will evaluate all aspects of the proposed project(s) and their respective ability to generate net benefits to MA EDCs customers that would additionally enhance EDC reliability in the region.

- b) Will the capacity be earmarked for only generators, or will it be available to any market that bids for it? If so, will there be any priority assigned to such alternate bidders?

Response: The EDCs contemplate it will be released first to generators in ISO-NE – to the extent any capacity is residual it would then be released to the general market.

Question 25. [Submittal Logistics] When do the EDCs consider the proposal to have been submitted for the purposes of the 11/13 noon deadline? Is email by noon on 11/13 and a paper copy postmarked 11/13 sufficient?

Response: Yes

Question 26. Are there any requirements relative to the paper copy (e.g., in color, bound, single sided)?

Response: No.

Question 27. For the hard copy, would the EDCs prefer printed copies of all documents or copies on disk/flash drive for certain long attachments?

Response: Electronic versions are preferred.

Question 28. To whom (and at what address) should paper copies be sent? Should a paper copy be sent to each contact person identified (i.e., E. Karanian and E. Soderman at Eversource; J. Allocca, T. Brennan and S. Jaffe at National Grid)?

*Response: Edna Karanian John Allocca
107 Selden Street 100 East Old Country Road
Berlin, CT 06037 Hicksville, NY 11801*

Question 29. Are there any requirements around who may be an “authorized representative of the bidder”? Must such a person have a particular title or officially be a corporate officer?

Response: The authorized representative must have the authority to execute agreements with each respective EDC as necessary.

Question 30. [Sec. B(2)]The RFP refers to “a detailed explanation of the operational flexibility afforded by the respective resource”. By “operational flexibility” please explain to what extent bidder should elaborate on non-firm operational benefits to the pipeline as a result of the facilities designed to provide firm service.

Response: The bidder should provide all relevant information regarding the type and functionality of their respective project including details on all operational parameters.

Question 31. [Section B(3)] By “EDCs may procure up to their respective load share of regional power demand for the natural gas resources...” does that mean that each EDC may procure natural gas capacity equivalent to some fraction of 2,000,000 MMBtu/day, where that fraction is equal to the EDC’s share of New England’s total load?

Response: The Companies’ load share of the regional total is the proportional percentage of the electric power load in the region extrapolated to the selected project scale. Please see response to Question 7 for additional sources of information on electric load share.

Question 32. What is meant by “complimentary procurement processes undertaken by other States”?

Response: The MA EDCs recognize that multiple states in New England have evaluated the same regional gas-electric issues, enacted legislation or provided regulatory guidance to secure natural gas resources to alleviate these issues. To the extent possible, the MA EDCs will coordinate their process with those undertaken in the other states.

Question 33. [Sec. B(4)]Do the EDCs request that recourse rates be provided or just the negotiated rate?.

Response: The MA EDCs request both recourse and negotiated rates. Bidders should include all associated work papers and supporting analysis that would provide the MA EDCs a complete package of information to assist in their evaluation process.

Question 34. What is meant by: “In order to facilitate potential coordination in other states in which the EDCs New England affiliates offer distribution service, any bid must be applicable for incorporation into Precedent Agreements that may be submitted for regulatory approval in such states”?

Response: As we are contemplating a regional solution(s)/project(s) we seek prices and terms that are transferable to other EDCs located in other NE states.

Question 35. [Section B(6)] “Bidders who have not already tendered a form agreement must include a marked version showing any proposed changes to the Pro-forma Contract/Precedent Agreement with their bid...” What does it mean for a bidder to have “already tendered a form agreement”?

Response: The reference to parties who have “already tendered a form agreement” refers to parties that, prior to the issuance of the RFP, have proposed a project and have provided a precedent agreement and the parties have already commenced negotiations in connection with such agreement. Bidders who have tendered an Agreement must submit the most recent version of the PA– but they are not required to submit a redline to the form of PA in the RFP

Question 36. [Section B(7)]The RFPs request existing tariffs. To the extent that the existing tariff concerns provisions not relevant to this RFP, should bidders submit the whole tariff or just relevant excerpts?

Response: Yes, the bidder should submit their entire tariff or a link to a publicly available version of the corresponding tariff to the service they are proposing. Should there be any changes to the existing tariff, the MA EDCs would expect these to be submitted as necessary.

Question 37. For the proposed tariff, we assume that the idea is to only provide the proposed tariff record changes. Is this correct?

Response: Yes.

Question 38. The contemplated service to be offered in the bid is a new service. Would EDCs prefer to see a clean copy of the *pro forma* service agreement for the new service, a redline showing changes from the existing *pro forma* service agreement (for existing services), or both?

Response: Both.

Question 39. For bids that include bundled services, is there a particular way that EDCs would like bidders to flag that services are bundled and that, for example, only one *pro forma* service agreement will be provided?

Response: Bidders should include descriptions of bundled services to ensure that the requirements, operations and services are clear and understood.