



Request For Proposal

Lansing/Freeville Reinforcement Gas Pipeline Project Non-Pipe Alternative

12/18/17

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I. Introduction and Overview

A. Overview

New York State Electric and Gas (“NYSEG”), a subsidiary of AVANGRID, is issuing this Request for Proposals (“RFP”) for proposals (“Proposals”) from qualified and experienced developers (“Developers”) with the capability to deliver innovative solutions to address gas reliability, demand and/or supply in the Tompkins County region of the NYSEG service territory.

The Lansing/Freeville Reinforcement Gas Pipeline Project is being offered for consideration of potential Non-Pipes Alternatives (“NPA”) to accomplish the below objectives:

1. The solution(s) must address the Companies’ responsibility to provide safe and reliable service at reasonable costs, and
2. The solution(s) must address current demands for additional base and peak day growth and must allow for future base load and peak day growth.

In addition to meeting these objectives, once an agreement is reached regarding a solution or combination of solutions, community support will be required to move expeditiously forward.

There are approximately 2,210 natural gas customers located in the Lansing, NY area which includes 385 commercial customers, 1,803 residential heating customers and 22 residential non-heating customers. Attachment B to this RFP is the NYSEG Lansing Gas Franchise Filing which includes a map of the natural gas moratorium area in Lansing, NY.

NYSEG reserves the right, but not the obligation to accept a portfolio of projects/Proposals or to aggregate Proposals to meet the resource requirements.

The term of the agreement associated with this RFP is expected to be October 1, 2019 – September 30, 2029.

B. Proposal Purpose

NYSEG is issuing this RFP for resources which will defer or eliminate the need for the construction of the planned Lansing/Freeville Reinforcement Gas Pipeline Project. This NPA RFP project is in addition to the required installation of four natural gas compressors that were included in the November 16, 2017 Order Authorizing Natural Gas Compressor Pilot Project in Case 17-G-0432 (“Order”). NYSEG will consider all Proposals that are able to meet the needs identified within this RFP.

NYSEG will not consider any natural gas load reduction (energy efficiency or other) resources in service as of the date of this RFP located within the service area as part of a solution, however NYSEG will accept Proposals that utilize incremental energy efficiency/load reduction, including incremental reductions associated with projects already in-service. Proposals must be capable of providing the reliability support and satisfying the

other requirements indicated within this RFP. Any transaction resulting from this RFP will be subject to NYSEG receiving all required regulatory approvals, including, but not limited to, acceptance by the New York Public Service Commission (“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”) within 30 days of NYPSC acceptance and approval.

C. General Guidelines

NYSEG reserves the right to make changes to this RFP by issuance of one or more addenda or amendments and to distribute additional clarifying or supporting information relating thereto. NYSEG may ask any or all Developers to elaborate or clarify specific points or portions of their Proposals. Clarification may take the form of written responses to questions or phone calls or in-person meetings for the purpose of discussing the RFP, the responses thereto, or both.

It is solely the responsibility of each Developer 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.

Developers should clearly state all assumptions they make about the meaning or accuracy of information contained in this RFP. If you do not ask questions or clarify any assumptions, NYSEG will assume that you agree with and understand the requirements in the RFP. While NYSEG has endeavored to provide accurate information to Developers, NYSEG makes no such warranty or representation of accuracy.

Developers are encouraged to provide and release necessary authorizations for NYSEG to verify any of such Developer’s previous work, except where it is contractually prohibited from doing so pursuant to customer agreements.

This RFP shall not be construed to create an obligation on the part of NYSEG to enter into any contract, or to serve as a basis for any claim whatsoever for reimbursement of costs for efforts expended by Developers. Furthermore, the scope of this RFP may be revised at the option of NYSEG at any time, or this RFP may be withdrawn or cancelled by NYSEG at any time - prior to execution of the Agreement. NYSEG shall not be obligated by any responses or by any statements or representations, whether oral or written, that may be made by NYSEG or its employees, principals or agent.

D. Expected Schedule

The following schedule is subject to adjustment. Any updates to the schedule will be distributed via email to interested bidders.

December 18, 2017	Issue RFP
January 12, 2018	Pre-bid conference
March 2, 2018	Written Developer questions due ¹
March 23, 2018	Expected date for NYSEG to respond to Developer questions
April 20, 2018	RFP responses due
June, 2018	Expect to complete initial general and technical review
July, 2018	Expect to complete preliminary BCA – short list
September, 2018	Expect to complete planning/engineering studies
October, 2018	Expect to complete negotiations
November, 2018	Expect to file Implementation Plan with PSC
October, 2019	Anticipated resource in-service date ²

Due to the evolving nature of NPA project development, review and negotiation, firm dates for some milestones cannot be projected at this time. We have represented the most likely dates where possible, and anticipate that some parts of the milestone schedule may continue to require flexibility.

E. Disclaimers for Rejecting Proposals

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 in response 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) negotiate with Developer(s) to maximize ratepayer benefits; (d) modify this RFP as it deems appropriate to implement the RFP and to comply with applicable law or other direction provided by the NYPSC; and (e) terminate the RFP should the NYPSC not authorize

¹Please see section V. B. for more information about the requirements for developer submission of questions.

² NYSEG prefers that all resources included in awarded bid(s) be in-service no later than October, 2019. However, if later in-service dates are required by Developers and if the project time of need can be extended in part or in whole to accommodate later in-service dates, NYSEG may consider later in-service dates.

NYSEG to execute Agreements of the type sought through this 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 Developer(s).

II. RFP Parameters and Goals

A. Required NPA Resource(s)

a. Scenario

NYSEG's existing natural gas distribution system serving the Ithaca and Lansing areas in Tompkins County is capacity constrained. These constraints are a result of the increased gas load and resulting low gas pressure available in the northern part of this area. NYSEG has an obligation to serve its existing gas customers, and as such has placed a moratorium (circa February 2015) on accepting applications for new gas service in the area. However, the demand for new gas service continues.

NYSEG's system planning pressure loss criteria for gas distribution systems is 70% of the maximum operating pressure. Existing design day (75 Heating Degree Day (HDD)) pressure is calculated to be 14 psi at the system endpoint, substantially less than 70% of maximum operating pressure of 60 psig. The northern system endpoint has experienced pressures of approximately 24 psi during the winters of 2013-2015. Those winter conditions were warmer than the design day condition. NYSEG has an obligation to serve customers and currently cannot connect new load in Lansing because of these limitations. Additionally, future issues are anticipated if current customers increase their load through installation of high-gas volume appliances like backup generators or instantaneous water heaters.

b. Resource Requirements

Resources must be able to address NYSEG's responsibility to provide safe and reliable service at reasonable costs and must address current and future base load and peak day growth.

To address NYSEG's responsibility to provide safe and reliable service, any proposed resource must be able to maintain NYSEG's design day operating pressure of 42 psi at the system endpoint. Given current loads, approximately 20 – 30 days per year would require peak shaving or another alternative. A detailed study and explanation of how the proposed resources will meet the critical day and season peak needs, provide the future base load and peak day growth requirements, and provide the required system pressure is required.

To address base load and peak day growth, any proposed resource(s) must be able to make available/provide 430 Mcfh³ capacity of natural gas within the service area in which the natural gas moratorium exists.

B. Project Economics

A successful Proposal(s) under this RFP will provide all or more of the benefits proposed by the Lansing/Freeville Reinforcement Gas Pipeline Project and collectively would have a Benefit Cost Ratio greater than 1 as compared to the Lansing/Freeville Reinforcement Gas Pipeline Project.

C. Eligible Resources

The proposed resource(s) will be required to operate as needed to support the local gas distribution system. NYSEG will consider Proposals that may include one, or more, of a combination of different technologies that meet the resource requirements.

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

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

NYSEG will not consider any existing resources located within the service area, (except incremental reductions associated with projects already in-service, as described in part 1.B. above may be considered) or an alternate pipeline to the proposed Lansing/Freeville pipeline. Developer(s) may submit multiple Proposals for any and all and for any combination of the resources to meet the needs listed above. NYSEG reserves the right, but not the obligation to accept a portfolio of projects/Proposals or to aggregate Proposals to meet the resource requirements.

As applicable, the resource shall be required to:

- Meet Federal Energy Regulatory Commission (“FERC”) and NY PSC requirements
- Demonstrate that they can obtain and comply with all required environmental and operating permits while meeting the requested reliability needs.
- In the case of Energy Efficiency resources which are proposed by the Developer, these resources shall not be eligible to receive applicable Energy Efficiency and

³ 430 Mcf is approximately equal to 430 MMBtu.

Demand Response payments. NYSEG's existing Energy Efficiency program implementation contractors may participate in this RFP to the extent they comply with all aspects of the RFP requirements and any pre-existing or future agreements with the Companies.

- If Energy Storage is part of the Developer's proposal, charging or loading must be explained and accomplished outside of the local system peak periods, and the costs of charging or loading must be included in the bid. If a Developer's proposal includes other Energy Storage value streams, the Developer must explicitly state those value streams within their proposal and will be included in the Developer's proposal evaluation.
- Other resources which meet all other components of the RFP requirements and which fully satisfy the load requirements will be considered as part of the Developer's proposal.

D. Interconnection (as applicable)

1. Overview

The Developer will be expected to design and work with NYSEG to install any interconnections to NYSEG's gas distribution system as may be required to operate/utilize the resources proposed.

2. Standards

Proposals will be required to meet the following standards:

- 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 NYPSC, FERC, State and Federal laws and regulations, follow Good Utility Practice and meet NYSEG's design, construction and operating criteria. Developer, 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 this RFP. The resource will be expected to comply with any conditions, modifications, amendments or additions to the applicable tariffs and protocols throughout the term of its Agreement.
- 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, Developer shall follow all procedures, rules and regulations which are a part of NYSEG's Natural Gas Retail Access Program, including the Uniform Business Rules, ESCO Qualifications, Creditworthiness Requirements and NYSEG's Gas Transportation and Supply Tariffs.

- c. Protective Apparatus. The project design and associated facilities must include but shall not be limited to the following safety and control equipment which NYSEG requires be in place prior to operation of all facilities in order 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: 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 telemetering equipment (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 man gates; 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 all 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), API, ANSI, ASME and AGA Classification of Gas Utility Areas for Electrical Installation standards.

3. Dedicated Facilities and Transmission Charges (as applicable)

It is not required but it is possible that a response to this RFP 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. Developer is solely responsible for the design, planning, permitting, installation and costs of the Dedicated Facilities (City Gate Tap).

E. Representations and Warranties, Binding Proposal

Developer'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 entirety into Developer(s)' Proposal(s). Any Proposal shall include Developer's agreement to be bound by the conditions of the RFP, including these conditions, in submitting Developer's Proposal.

1. Developer has read, understands and agrees to be bound by all terms, conditions and other provisions of the RFP Documents;

2. Developer 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. Developer acknowledges and agrees that, in NYSEG's evaluation of Proposals pursuant to this RFP, NYSEG reserves the right to disqualify Developer if it is unwilling or unable to meet NYSEG's credit requirements;
4. Developer has obtained all necessary authorizations, approvals and waivers, if any, required by Developer as a condition of submitting its Proposal and, if Developer's Proposal is selected and a final Proposal ("Final Proposal") is requested, Developer will execute an Agreement with NYSEG; Developer 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. Developer is submitting its Proposal subject to all applicable laws and regulations;
6. Developer 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 Developer 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 Developer. Developer 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 Developer specified for provision of the information in the timeline provided. Developer also covenants that it will promptly update such information upon any material change thereto;
8. In addition, Developer's submission of a Proposal is Developer's 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;
9. Developer represents and warrants that each project that is the subject of Developer'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 Developer 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. Developer covenants that it will provide information requested not longer than one week following Developer's receipt of NYSEG's request for such information;
11. Developer covenants that it will promptly provide NYSEG with any changes or updates to the implementation schedule;
12. Developer 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. Developer 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 Developer 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 Developer or any other party. NYSEG shall have no obligation to consider any Proposal submitted. NYSEG will not reimburse Developer 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 Developer;
14. Developer agrees and acknowledges that information provided by it to NYSEG pursuant to this RFP will be subject to the disclosure requirements of the New York State Public Service Commission or other applicable law or regulation; and
15. Failure to meet reliability and regulatory requirements set forth within this RFP may result in financial penalties.

F. Developer's Waiver of Claims and Limitations of Remedies

Except as expressly set forth in this RFP, by submitting a Proposal, Developer 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 State’s 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 Developer at the NYPSC, FERC, State Court, Federal Court, or otherwise shall, to the extent that Developer’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.

By submitting a Proposal, Developer further agrees that the sole forum in which Developer may assert any challenge with respect to the conduct or results of the RFP is the NYPSC. Developer further agrees that the sole means of challenging the conduct or results of the RFP is a protest to NYSEG’s filing before the NYPSC seeking approval of one or more Agreements entered into as a result of the RFP. Developer further agrees that the sole basis for any such protest shall be a challenge to the conduct or results of the RFP on the ground that NYSEG failed in a material respect to conduct the RFP in accordance with the RFP rules and procedures outlined in this document, and the exclusive remedy available to Developer in the case of such a protest shall be an order of the NYPSC that NYSEG again conduct any portion of the RFP that the NYPSC determines was not previously conducted in accordance with the RFP rules and procedures outlined in this document. Developer expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs, and/or attorneys’ fees. Unless NYSEG elects to do otherwise in its sole discretion, during the pendency of such a protest the RFP and any related regulatory proceedings related to the RFP will continue as if the protest had not been filed, unless the NYPSC has issued an order suspending the RFP or NYSEG has elected to terminate the RFP.

G. Credit and Performance Assurances

As discussed in Section IV, in its evaluation of a Proposal, NYSEG will consider Developer’s capability to perform all of its financial and other obligations including, without limitation, Developer’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 Developer to fund the reliability Proposal as described in this RFP.

Developer is required to provide the credit and finance information as requested in this RFP. The Developer will be required to post collateral to support its ability to provide the reliability Proposal by the date noted in the Agreement and, depending on its credit standing, may need to post collateral acceptable to NYSEG to support performance of other obligations under the Agreement.

To the extent that the Developer provides DER services covered in the Uniform Business Practices for Distributed Energy Resource Suppliers (“UBP-DERS”) (Case 15-M-0180, December 2017) the UBP-DERS shall apply, and in the event of any conflict between the UBP-DERS and this proposal, the UBP-DERS shall take precedence. Provision of the

customer information data sets for EDI-eligible suppliers shall occur pending development of the appropriate data sets.⁴

III. Information Required from Developers

Developers must provide the information described below in order for NYSEG to consider their Proposal(s).

NYSEG will entertain proposals for resources that meet the requirements described within this RFP, including being located within the Tompkins County natural gas moratorium area.

If applicable, any resource must demonstrate to NYSEG that they have the capability to respond to automated control signals provided by NYSEG's System Operations.

If applicable, Developer(s) shall provide information describing to what extent the resource design involves clean power supply sources that minimize environmental impacts.

If applicable, Developer(s) shall provide the following information for each resource proposed:

1. Location;
2. The period, in minutes, between shutdown and start up and the available number of start-stop cycles per day;
3. Minimum run time per start;
4. Operational Constraints;
5. Developer must provide information about the fuel supply including duration of fuel stored onsite, and demonstrate the ability to obtain and replenish the fuel supply to the facility;
6. Developer must detail any Article X and Article VII filings, or State Environmental Quality Review (SEQR) as required;
7. Developer is responsible for obtaining all local building, zoning and/or operating permits as required;
8. Developer must provide the annual environmental impacts, including air (NO_x, SO_x, CO, CO₂ and particulates), water (thermal) and soil (ash storage), associated with each Proposal;
9. Developer must provide total and monthly costs associated with each Proposal, temporary (construction) and permanent jobs created with each Proposal, and expected property tax payments associated with each Proposal.

⁴ As of the release date of this RFP, the data sets described in the UBP-DER have not been developed. UBP-DER Data sets may not be available prior to the required response date of this RFP.

A. Energy Efficiency/Energy Storage/Other

If applicable, Developer(s) shall provide the following information for each resource proposed. Each NPA type at each host site is a resource.

1. Project description including measure type;
2. Types of facilities at which the measure(s) will be implemented, including customer classes, end users served and for relevant energy efficiency resources, individual facility hours of operation relative to applicable energy savings measures;
3. Operational Constraints;
4. Estimated Minimum and maximum reduction as measured at the customer meter and not including losses;
5. Duration of minimum and maximum reduction;
6. Time to reach minimum and maximum reduction amounts;
7. Description of ability to receive orders to reduce or respond to dispatch instructions;
8. Documentation of verified savings from comparable projects to substantiate the reasonableness of the estimated reduction values.

B. All Resources

If applicable, Developer(s) shall provide the following information for each resource proposed:

1. For resources proposed that are not 100% available, Developer shall include a description of the redundancy included to ensure that the proposed services will be provided. NYSEG will require the redundancy necessary to ensure the adequate level of reliability service is provided. NYSEG reserves the right, but not the obligation to aggregate Proposals to meet the reliability need;
2. (Applicable to all resource types and all NPA proposals); Developer must provide a Measurement and Verification plan (M&V Plan) which substantiates the reasonableness of the estimated supply or reduction values including methods and techniques that will be used to determine supply and/or savings performance from a specific NPA contracted project. The plan should include all M&V options needed to address all of the NPA measures installed as part of the NPA project. M&V activities may include site surveys, energy measurements, metering of key variables, data analyses, calculations, quality assurance procedures, and reporting, all of which need to be adequately detailed in the M&V Plan. In general, the contents of a project-specific M&V Plan should provide an overview of the NPA Project and verification activities, including:
 - i. State the goals and objectives of the verification activities
 - ii. Define the M&V option and techniques to be used for each measure

- iii. Identify the key physical characteristics of the facility or installation, system, and NPA resource(s) to be installed
 - iv. Define the critical factors that affect the performance of the system
 - v. Adequately define the baseline conditions, including:
 - 1. Identify the key baseline performance characteristics of the system
 - 2. Define baseline operating conditions, such as loads and hours of operation
 - 3. Detail all measurements, data analyses procedures, algorithms, and assumptions
 - 4. Define all performance period verification activities, including:
 - a. Specify the parameters to be measured, period of metering, accuracy requirements, calibration procedures, metering protocols, sampling protocols, and archiving requirements. Note, NYSEG requires the inclusion of parameters needed to ensure accurate reliability measurement and reporting according to the system needs defined in this NPA RFP and applicable to any future associated resource contracts. Additionally, required measurement and reporting frequency may increase over the lifetime of the NPA assets as these assets age and as the distribution system loading increases.
 - b. Provide NYSEG with adequate notice to witness the M&V activities.
 - c. Detail the schedule and content of periodic M&V reports and procedures for the NPA Project Owner and for the Company.
 - d. Describe procedures and details for annual inspections.
 - e. Detail how performance will be reported and how it will affect payments for the resource(s), and
 - f. Provide rationale and procedures for any baseline or reporting period energy adjustments anticipated.
- 3. Developer must demonstrate compliance, or detail plans to comply, with the FERC and NY PSC Tariffs;
 - 4. Developer must agree to: (i) provide reliability support to NYSEG; (ii) operate and maintain the facility in accordance with Good Utility Practice.
 - 5. NYSEG will evaluate the corporate structure which Developer proposes for this project. Regardless of Developer's form, Developer shall provide the information requested below as part of its Proposal.
 - a. Developer will provide Developer's exact and complete name, form of organization (e.g., corporation, Limited Liability Company).

- b. Developer will provide State of incorporation or organization.
- c. Developer will provide copies of corporate or equivalent documents (e.g., articles of incorporation, by-laws or membership agreements) containing customary corporate separateness provisions.
- d. Developer's Principal Business: Developer will provide a detailed description.
- e. Parent or Consortium Information: If applicable, Developer will provide the information with respect to: Developer's ultimate corporate parent if Developer is a subsidiary of any other corporation; and/or each of Developer's members, partners, or participants if Developer is a partnership, limited liability company, or other association or organization (identifying the controlling member); and each member of the group of persons acting in concert if Developer is a group or member of a group acting in concert for purposes of this Proposal (identifying the controlling member).
- f. Guarantor Information: If Developer proposes to provide a guaranty to NYSEG, Developer has provided or will provide the information required above with respect to Developer's Guarantor, if any. In addition, Developer has provided or will provide a copy of the proposed form of guaranty.
- g. Developer's Organization: Developer will provide its organizational chart showing each level of ownership up to the ultimate parent.
- h. Annual Report, Form 10-K, Form 10-Q, Audited Financial Statements: If applicable, Developer will provide copies of Developer's or Guarantor's Annual Report to shareholders and Form 10-K for the past two years and all subsequent quarterly filings on Form 10-Q as filed with the Securities and Exchange Commission ("SEC") containing audited, in the case of Form 10-K, or unaudited, in the case of Form 10-Q, financial statements of Developer or Guarantor, or if applicable, each member of the bidding group (or if any member is a consortium or other association or organization whose controlling member(s) is (are), or a group acting in concert whose controlling member(s) is (are), required to file reports under the Securities Exchange Act of 1934, the most recent Annual Report to shareholders or Annual Report on Form 10-K as filed with the SEC containing audited financial statements of each such reporting person). If none of the foregoing applies, Developer has attached copies of the two most recent audited annual financial statements, including certified independent accountants report thereon, and subsequent quarterly financial statements of Developer or Guarantor, or if applicable, each member of the bidding group and, Developer's or each member of the bidding group's controlling member for at least the three prior full fiscal years or, if shorter, the life of such Developer or member of a bidding group or such controlling persons. Developer has included with the

audited financial statements, information related to the history of Developer or member of the bidding group and a description of its business and material matters relating to such business, including the level of detail that would be required if Developer or member of the bidding group were subject to the disclosure requirements of Items 3 and 7 of Form 10-K. If available, Developer has provided a web link to the statements provided in this attachment.

- i. Developer's Debt Ratings: Developer will provide its or its Guarantor's Moody's and Standard and Poor's senior unsecured debt rating or, if such entities do not have a senior unsecured debt rating, then Developer's or Developer's Guarantor's corporate credit rating or long term issuer rating, if any;
 - j. Developer shall provide a copy of the most recent Dun and Bradstreet (D&B) report which includes the Supplier Evaluated Risk Rating ("SER") and Failure Score.
6. Developer's Experience Information: if applicable, Developer will provide a description of its experience in developing projects such as contemplated in the Proposal, particularly in New York. Developer shall list its references by name, address and contact number;
7. Project Financial Information: if applicable, Developer will provide the following project finance information:
 - a. Amount and type of financing for the project (sources and amount of debt and equity);
 - b. A description of construction and operating period financing for the project including expected debt to equity ratios, debt coverage ratios, liens, and restricted covenants;
 - c. Any report of an independent engineer or other consultant regarding the project prepared for, or as part of, the project financing; and
 - d. The identification and description of other transactions by Developer that have been leveraged, either prior or subsequent to the construction or commercial operation date, including, without limitation, all financing arrangements for such transactions, loan to equity ratios, coverage ratios, liens, and restrictive covenants agreed to by the Developer.
8. If applicable, Developer shall provide a description (quantity, size, manufacturer, etc.) of the main mechanical and electrical pieces of equipment used for the project.
9. Developer agrees to provide such information, including but not limited to facility and utility account information access as either NYSEG or the NYPSC shall require for purposes of evaluating any activities which may eventually be undertaken as a result of this RFP.

10. Developer will provide the price proposed to be charged to NYSEG for contracting resources over the life of the project. This will be the “bid” or “asking” price. NYSEG strongly suggests that Developers provide project pricing in the format of a fixed monthly price over the life of the project, including any and all escalators during that time.
11. Developer will provide the complete installed costs of the proposed project, including costs which may not accrue directly to NYSEG for payment, but which should be utilized in the project’s Benefit Costs Analysis.
12. Developer shall provide a list of benefits which they believe will accrue to customers, the utility and to society, from their Proposal. NYSEG may, but is not required to, include any reported benefits (including financial valuation of reported benefits) in the BCA calculation.

IV. Evaluation of Proposals

To evaluate Proposals, NYSEG may primarily consider:

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

NYSEG may also consider the following other factors as applicable to each reliability need:

1. **Environmental and Economic impacts**
 - a. **Environmental impacts** – including but not limited to, air, noise, visual, water and soil impacts. Specifically, net carbon reduction may be considered;
 - b. **Economic impacts**- temporary and permanent jobs created, economic development, and property tax payments;
2. **Credit** - Developer’s capability and willingness to perform all of its financial and other obligations under the Agreement, including, without limitation, Developer’s ability to provide Performance Assurance under the Agreement. NYSEG will consider Developer’s financial strength, as determined by NYSEG, as well as any credit assurances acceptable to NYSEG that Developer may submit with its proposal;
3. **Developer Qualification** – the experience of the developer, Engineering, Procurement and Construction (“EPC”) contractor, prime subcontractors and, if applicable, O&M operator or other entity responsible for the development of the proposed resource. This may include their experience (demonstrated track record) in successfully developing and operating similar projects in North America and New York;

4. **Project Viability** - the probability that the resource(s) associated with a Proposal can be financed and completed as required by the Agreement. This will include an assessment of the degree of detail and feasibility of schedules (e.g. engineering, procurement plan and lead times, equipment delivery, construction, start-up and testing), plans (procurement plan, site access/equipment delivery, engineering/construction division of responsibility ("DOR")), construction plan/subcontractors, existing labor agreements in place, labor availability, construction facility and laydown, water supply, wastewater discharge), adequacy of financing during construction and operation of the plant, lender commitment provided, equity commitment provided, the controls provided to prevent construction cost overruns, debt coverage ratios are adequate, interest rates and fees are reasonable, quality and completeness of financing package, ownership structure, interest rate risk, whether Developer has commitment letters from project participants or financial institutions indicating that the project will be able to obtain financing, and Developer's project financing experience. The project's progress in the Department of Environmental Conservation ("DEC") permitting process will also be evaluated, including its Environmental Characteristics such as Air Quality, Water Supply, Land Use, Hazardous Material usage, Wetlands & other Waters, Biological Resources, Cultural Resources, Socioeconomics, degree of control of property, and other aspects that would help ensure project completion. The quantities and potential costs to NYSEG and to society associated with all of these characteristics will be considered;
5. **Technical Reliability** – the type of technology and the equipment being proposed. This will examine whether there is high reliability due to plant construction design that is tried and proven with historical evidence of high availability,
6. **Conformance with NYSEG's non-price terms and conditions** - the degree to which Developer accepts NYSEG's proposed terms and conditions. Terms and conditions evaluated elsewhere will not be considered in this evaluation criterion (e.g. credit terms). NYSEG reserves the right to specify non-price terms and conditions for any reason including, but not limited to, the specific characteristics of the alternatives proposed or the ability of Developer to meet other requirements of the RFP. The RFP evaluation may impute for the purposes of evaluation an additional amount to Developer's Proposal price to reflect Developer's proposed modifications to the non-price terms and conditions that result in NYSEG incurring additional costs or risks.
7. **Impact on Low Income Customers** – the extent that a Developer's Proposal impacts low income customers may be taken into consideration when evaluating proposals.
8. **In-Service Date** - provided that all technical and financial requirements of the RFP are met, proposed solutions with sooner in-service dates may receive positive consideration when compared to proposed solutions with significantly later in-service dates.

V. Participation Protocols

A. Overview

All Proposals from Developer(s) must be received in both hard copy and electronic form by Friday, April 20, 2018 at 5:00 p.m. (EPT) via hand-delivery or delivery to:

**Mike DeAngelo – Program Manager – Non Wires Alternatives
18 Link Dr.
Binghamton, NY 13902**

If there is disagreement between the electronic and hard copies, the hard copy will prevail.

Hard copy documents: Developer must submit one hard copy (bound or unbound).

Electronic Documents: The electronic documents must be in a Microsoft Word (standard edition 2010) and/or Excel file (standard edition 2010), as applicable. Developer should not provide documents in other electronic formats, versions, and/or in hard copy alone. Electronic Documents must be emailed to lansingnpa@avangrid.com. Electronic documents should be unlocked to allow view of calculations.

B. Communications:

To insure accuracy and transparency of the information provided, NYSEG strongly prefers that all communications take the form of an e-mail. All communications regarding this RFP, including technical questions, should be directed to lansingnpa@avangrid.com. Developers are encouraged to submit questions at any time prior to the deadline for written questions which is March 2, 2018. All questions and answers will be shared with all interested Developers, but the originating Developer's name will be withheld. NYSEG may, in its sole discretion, decline to respond to any email or other inquiry without liability or responsibility.

C. Additional Information available for Developers:

Upon receipt of intent to bid communication and execution of applicable security documentation, Developers may individually request from NYSEG⁵ the following information:

- a. Business confidential (Non-Public) information where available, requires both executed Confidentiality Agreement and separate Data Security Rider executed for this project; Data Security Rider requires provision of Cyber Insurance. Data Security Rider will be provided if business confidential information is available and requested by Developer.

⁵ Secure File Transfer Protocol (SFTP) sites may be used in the future to eliminate the requirements to email data requests and responses. If and when SFTP sites are available, Developers will be notified and provided password protected secure access to data at these sites.

VI. Negotiations and Contract Approval

A. Execution of Agreement

By submitting a Proposal, Developer agrees, if its Proposal is selected, to negotiate and execute a definitive Agreement. Execution of Agreement will follow the NYPSC's acceptance and approval of cost recovery. Among other things, the Agreement will include damages provisions for failure to meet schedule requirements including holding the Developer liable for any FERC and/or NYPSC penalties assessed to NYSEG resulting from Developer's failure to meet the Agreement's schedule/performance requirements. NYSEG's evaluation of Developer's Proposal will not constitute a contract by NYSEG to enter into an Agreement with Developer.

B. Agreement by Developer

Developer must agree to be bound by its Proposal(s) for a period of six (6) months from the date NYSEG files the Agreement(s) with the NYPSC. If the NYPSC grants (subject to appeal) regulatory approval of the Agreement(s) within the six-month period, Developer must agree to be bound by its Proposal(s) for any additional period of time required for the NYPSC order granting regulatory approval to become final and non-appealable.

C. Regulatory Approval:

The effectiveness of any Agreement is expressly conditioned on NYSEG's receipt of Regulatory Approval. "Regulatory Approval" means a final and non-appealable order or orders of each regulatory or other governmental body designated by NYSEG, including without limitation the NYPSC and if applicable FERC, without conditions or modifications unacceptable to NYSEG, which, in the case of Regulatory Approval by a governmental body other than the NYPSC grants the approvals requested in the application therefore, and in the case of Regulatory Approval by the NYPSC, does the following:

1. Accepts the Agreement in its entirety, with explicit approval of payments to be made by NYSEG with acceptable cost recovery, subject only to NYPSC review with respect to the reasonableness of NYSEG's administration of the Agreement, and finds NYSEG's entry into and performance under the Agreement to be reasonable; and,
2. Authorizes NYSEG to recover payments under the Agreement in utility revenue subject only to NYPSC review with respect to the reasonableness of NYSEG's administration of the Agreement.

D. 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 Developer 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 Developer 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 Developer, to accept any Proposal or to enter into any definitive Agreement, to evaluate the qualifications of Developer, 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 Developer (s) or Participant(s) for any expenses incurred in connection with the RFP regardless of whether Developer's Proposal is selected, not selected, rejected or disqualified.

Unless earlier terminated, the RFP will terminate automatically upon the execution of one or more Agreements by Developer (s) as described herein. In the event that no Agreements are executed, unless otherwise agreed to in writing by the parties, then the RFP will terminate automatically on December 31, 2019.