

# **REQUEST FOR PROPOSALS**

**FOR**

**Fuel Management Services for the  
Caithness Long Island Energy Center  
On behalf of  
The Long Island Power Authority**

**May 19, 2009**

*Prepared by*  
**LONG ISLAND POWER AUTHORITY**



**REQUEST FOR PROPOSALS FOR  
FUEL MANAGEMENT SERVICES FOR THE  
CAITHNESS LONG ISLAND ENERGY CENTER  
ON BEHALF OF THE LONG ISLAND POWER AUTHORITY**

**RFP Highlights**

- ❖ In this Request for Proposals (“RFP”), the Long Island Power Authority (“LIPA” or the “Authority”) is soliciting competitive proposals for fuel management services for LIPA’s share of the output of the Caithness Long Island Energy Center.
- ❖ The service provider selected hereunder (“Caithness FMS Provider”) shall provide its services under the terms and conditions of a Caithness Fuel Management Agreement (“CFMA”) from January 1, 2010 through May 28, 2013 (“Term”).
- ❖ The Caithness Long Island Energy Center (“Caithness” or the “Plant”) is a 326 MW dual fuel capable combined cycle generating facility owned, operated, and maintained by Caithness Long Island, LLC (“Caithness LI”). The Plant is currently under construction in Yaphank, New York and is expected to commence commercial operation in summer 2009.
- ❖ LIPA has contracted for approximately 286 MW of capacity, associated energy, and ancillary services from the Plant (the “LIPA Share”) and is responsible to provide natural gas and distillate oil for the LIPA Share.
- ❖ LIPA plans to separately procure long-term natural gas supplies which the Caithness FMS Provider will manage and schedule in daily nominations.
- ❖ For the LIPA Share, the Caithness FMS Provider will, among other services defined herein, manage natural gas for delivery to the Plant and procure and deliver distillate oils to the Plant in sufficient quantities and at the appropriate times to meet dispatch requirements of the Plant.
- ❖ Neither LIPA nor the Caithness FMS Provider will be responsible for fuel management services relating to that portion of the Plant not under contract to LIPA.
- ❖ Respondents shall propose a fixed monthly fee for each calendar month of the Term.
- ❖ LIPA has provided the CFMA in Attachment A hereto. Respondents shall either (a) provide written acceptance of the terms and conditions of the contract in its entirety, or (b) provide specific alternate language for each exception taken.
- ❖ Proposals should include a signed statement that all proposed prices, terms, and conditions are firm through February 28, 2010.

For all information concerning this RFP, refer to RFP website accessible through the LIPA website at <http://www.lipower.org>.

All questions regarding this RFP must be submitted as set forth herein. LIPA will post questions and responses on the RFP website. Bill Funk, Contract Specialist at 516-719-9235 and Rick Shansky, Manager of Power Markets Contracts at 516-719-7517 will serve as LIPA's main points of contact for communications with respondents. Any contact regarding this RFP, other than as provided for in this RFP, with Authority Board Members or staff or LIPA's consultants during the pendency of this RFP, may be grounds for disqualification from the RFP process.

❖ **Target Schedule:**

<u>Event</u>	<u>Target Date</u>
RFP Issuance	May 19, 2009
Proposers Conference	June 3, 2009
Deadline for Questions	June 19, 2009
Notice of Intent to Submit Response	June 26, 2009
<b>Proposal Due Date</b>	<b>July 7, 2009 by 3:00 PM</b>
Proposal Selection	September 2009 Board of Trustees Meeting
Commencement of Services	January 1, 2010

# TABLE OF CONTENTS

TABLE OF CONTENTS .....	2
I. INTRODUCTION AND BACKGROUND .....	4
II. SCOPE OF SERVICES.....	5
III. PROPOSAL SUBMITTAL REQUIREMENTS.....	8
A. TECHNICAL PROPOSAL.....	8
B. PRICING OF SERVICES .....	11
IV. EVALUATION CRITERIA AND SELECTION PROCESS .....	12
A. EVALUATION PROCESS.....	12
B. EVALUATION CRITERIA .....	12
V. COMMUNICATIONS DURING RFP PROCESS .....	13
VI. NOTICE OF INTENT TO SUBMIT PROPOSAL.....	14
VII. SUBMISSION OF PROPOSALS .....	14
VIII. TARGET SCHEDULE .....	15
IX. MISCELLANEOUS .....	15
X. LIMITATIONS.....	16
APPENDIX 1 – DAILY & MONTHLY CAITHNESS NATURAL GAS USAGE PROFILE .....	18
ATTACHMENT A – CAITHNESS FUEL MANAGEMENT AGREEMENT .....	20
ATTACHMENT B – FUEL MANAGEMENT COST PROPOSAL .....	21
ATTACHMENT C – REQUIRED FORMS.....	22
ATTACHMENT D – RESPONDENT RESPONSE FORM.....	23
ATTACHMENT E – LIPA STANDARD DISTILLATE OILS CONTRACT.....	30

**REQUEST FOR PROPOSALS FOR  
FUEL MANAGEMENT SERVICES FOR THE  
CAITHNESS LONG ISLAND ENERGY CENTER  
ON BEHALF OF THE LONG ISLAND POWER AUTHORITY**

The Long Island Power Authority (“LIPA” or the “Authority”) seeks to select a Caithness Fuel Management Services Provider (“Caithness FMS Provider”) from this Request for Proposals for Fuel Management Services for Caithness Long Island Energy Center (“Caithness” or the “Plant”) on behalf of the Long Island Power Authority (“Caithness Fuel Management RFP” or “RFP”) for a term commencing on January 1, 2010 and ending on May 28, 2013<sup>1</sup>. The Caithness Fuel Management RFP describes the services being sought, the proposal requirements, the evaluation criteria, and selection process. For all information, refer to the RFP website accessible through the LIPA website at <http://www.lipower.org>. All questions regarding the Caithness Fuel Management RFP must be submitted by June 19, 2009 as further set forth herein (see discussion in Section V - Communications during RFP Process). **Proposals in response to this RFP are due no later than 3 p.m. Eastern Time, July 7, 2009.**

**Any contact regarding this RFP, beyond that allowed in this RFP, with Authority Board members, staff, or LIPA consultants during the pendency of this RFP may be grounds for disqualification from the RFP process.**

Proposals received after the Proposal Due Date will not be considered, nor will faxed or e-mailed proposals, whenever received. LIPA will not reimburse respondents for any expenses incurred in connection with this RFP, including the costs of developing and/or submitting a proposal, providing any additional information, or attending an interview. All material that is submitted in response to this RFP will become the sole property of LIPA. LIPA expressly reserves the right to utilize any and all ideas submitted in the proposals received unless covered by legal patent or proprietary rights which must be clearly noted in the proposal submitted in response to the RFP.

Please be advised that selected respondents may be requested to provide an on-site presentation (interview) of their qualifications and provide further information regarding previous projects and experience to assist LIPA in the proposal evaluation process. Interviews of the top-qualifying firms may be conducted at LIPA’s discretion. If interviews are conducted, the respondent(s) selected for an interview will be notified in advance of the interview date(s).

Once submitted, proposals will remain valid until February 28, 2010.

---

<sup>1</sup> The May 28, 2013 date was selected to match the contract expiration date for LIPA’s fuel management services contracts with National Grid Energy Trading Services LLC. LIPA plans to issue an RFP in 2012 to select one or more fuel managers for all of LIPA’s generating resources, including Caithness, with a contract to commence beginning on May 29, 2013.

LIPA will not reimburse Respondents for any expenses incurred in connection with this RFP, including the costs of developing and/or submitting a proposal, providing any additional information, or attending an interview. All material that is submitted in response to this RFP will become the sole property of LIPA. LIPA expressly reserves the right to utilize any and all ideas submitted in the proposals unless covered by legal patent or proprietary rights which must be clearly noted in the proposal submitted in response to the RFP.

Please be advised that selected Respondent(s) may be requested to provide an on-site presentation (interview) of their qualifications and provide further information regarding previous experience and projects to assist LIPA in the proposal evaluation process.

## I. INTRODUCTION AND BACKGROUND

The Authority is a corporate municipal instrumentality and political subdivision of the State of New York, which, through its subsidiary, provides electric service to customers in Nassau County, Suffolk County, and the portion of Queens County known as the Rockaways in the State of New York. LIPA provides electric service over approximately 1,300 miles of underground and overhead transmission lines to over one million electric customers.

To meet LIPA's growing electricity requirements, LIPA selected a new on-Island generating facility, the 326 MW Caithness Plant developed by Caithness Long Island, LLC ("Caithness LI") through its competitive solicitation *Request for Proposals to Provide Capacity, Energy, and Ancillary Services* conducted in 2003. The Plant, which is owned, operated, and maintained by Caithness LI, is currently under construction in Yaphank, New York and is expected to commence commercial operation in summer 2009.

Under the terms and conditions of the power purchase agreement between Caithness and LIPA, LIPA agreed to purchase approximately 286 MW<sup>2</sup> of capacity, associated energy, and ancillary services from the Plant ("the "LIPA Share") and to provide natural gas and distillate oil for the LIPA Share<sup>3</sup>. Caithness LI retains the approximately 40 MW<sup>2</sup> of capacity, associated energy, and ancillary services produced by the duct firing portion of the Plant ("Caithness Share") and is responsible for providing natural gas for the Caithness Share. The Caithness Share is comprised solely of duct firing which can only burn natural gas and not distillate oils.

---

<sup>2</sup> The approximate 286 MW and 40 MW capacity amounts are the expected nominal capacity ratings of the LIPA Share and Caithness Share respectively.

<sup>3</sup> LIPA is also responsible for providing natural gas and distillate oil for the Plant's auxiliary boiler. The auxiliary boiler is needed to start the Plant and for certain other Plant operations. The natural gas for the auxiliary boiler is supplied through the meter that is also used for the Caithness Share; therefore, natural gas usage will be allocated between the auxiliary boiler and the Caithness Share.

As is described more fully in Section II, LIPA has already taken several steps to fulfill its obligations to provide natural gas and distillate oil for the LIPA Share. Specifically:

- LIPA has entered into an agreement with National Grid Energy Trading Services LLC (“NGETS”) to provide fuel management services for Caithness through December 31, 2009;
- LIPA is in the process of completing a Gas Transportation Agreement and Maintenance Agreement with KeySpan Gas East Corporation d/b/a National Grid (“National Grid”) to provide firm local natural gas transportation and balancing services from either of two receipt points located on Long Island<sup>4</sup> to the Plant for the LIPA Share (“Local Gas Transportation Agreement”); and,
- LIPA is issuing a Request for Proposals to Provide Natural Gas Supply to the Long Island Power Authority for the Caithness Long Island Energy Center (“Natural Gas Supply RFP”) for natural gas deliveries to the two receipt points on Long Island beginning on January 1, 2010.

## II. SCOPE OF SERVICES

The Caithness FMS Provider selected in this RFP shall manage all aspects of the Caithness fuel supply for the LIPA Share, including both natural gas and distillate oil. With respect to natural gas, the Caithness FMS Provider shall be responsible for the overall management of the natural gas supply for the LIPA Share, including daily natural gas nominations; purchasing and reselling natural gas at the receipt points as required to optimize the Plant’s use of fuels; and for coordinating deliveries with National Grid, the local natural gas transporter, and the natural gas provider(s) selected in the Natural Gas Supply RFP (the “Caithness Gas Supplier”). LIPA shall be responsible for all fees and charges incurred for the services provided to LIPA by National Grid and the Caithness Gas Supplier under applicable agreements. With respect to distillate oils, the Caithness FMS Provider is responsible for procuring and delivering distillate oils to the Plant in sufficient quantities and at the appropriate times to meet the dispatch requirements for the LIPA Share.

### *Natural Gas*

By way of background, two interstate pipelines presently transport natural gas to Long Island, New York—the Transcontinental Gas Pipeline Co. (“Transco”) and Iroquois Gas Transmission System (“Iroquois”).

- Transco transports natural gas from the Gulf Coast and the Leidy storage fields in Pennsylvania to the Long Beach, New York receipt point in Nassau County.
- Iroquois transports natural gas from western Canada and the Dawn storage hub in southern Ontario to the South Commack, New York receipt point in Suffolk County.

The Local Gas Transportation Agreement provides for firm local transportation to the Plant from the Long Beach and South Commack receipt points (each a “Receipt Point” or collectively, “Receipt Points”).

---

<sup>4</sup> The two receipt points are at Long Beach, New York and South Commack, New York which are discussed in more detail in Section II.

Under the Local Gas Transportation Agreement, LIPA will be required to notify National Grid prior to the start of each month of the percentage of its maximum daily quantity (“MDQ”) of natural gas that it will schedule for delivery at each of the Receipt Points without any restriction on the percentage to be delivered at each Receipt Point. LIPA also will have the right to request a shift in deliveries between the Receipt Points on a day-ahead and intra-day basis subject to operational constraints and to the extent such changes do not require the rescheduling of natural gas already nominated at the Receipt Points. LIPA will also have the right to reduce its take of natural gas to any amount below the Maximum Daily Delivery Quantity (“MDDQ”) of 54,000 dekatherms (exclusive of the factor for system losses and unaccounted for natural gas set forth in National Grid’s tariff), including zero, with one day’s notice. LIPA requires this flexibility to respond to potential changes to the Plant’s dispatch from day to day. The Caithness FMS Provider shall establish all of the above delivery schedules in consultation with LIPA and provide the required notifications to National Grid.

Pursuant to the offers received in response to LIPA’s Natural Gas Supply RFP, LIPA plans to select a Caithness Gas Supplier who shall be responsible for providing long-term natural gas supply to the Receipt Points. To the extent that such supplies are interrupted or recalled subject to their terms, the Caithness FMS Provider shall procure replacement fuel supplies; i.e., natural gas or distillate oil, as appropriate. The Caithness FMS Provider shall also procure additional natural gas and/or resell unused natural gas at the delivery points as required on a daily or intra-day basis to match natural gas delivered to National Grid’s system to the Plant’s actual natural gas consumption, to the extent feasible. In addition, to the extent possible, the Caithness FMS Provider should optimize LIPA’s natural gas assets to reduce LIPA’s overall costs, including minimizing natural gas balancing costs and other ancillary charges.

An estimate of the Plant’s daily and monthly natural gas usage profile is provided as Appendix 1 herein. LIPA expects that the Caithness FMS Provider shall negotiate and execute interruptible natural gas fuel contracts, or procure natural gas supplies as necessary using the standard NAESB contract. The Caithness FMS Provider shall demonstrate the procurement process it expects to use (e.g., competitive or negotiated contract) to assure that LIPA will receive natural gas arrangements to minimize LIPA’s fuel costs. With regard to any required credit support and payment of invoices in these interruptible natural gas fuel arrangements, Respondents may propose either or both of two options. Under LIPA’s preferred Option 1, the Caithness FMS Provider shall be responsible for providing any required credit support and make required payments directly to the interruptible natural gas fuel supplier after it has reviewed and verified all charges set forth in the supplier’s invoice. The Caithness FMS Provider shall directly invoice LIPA for such payments, plus any applicable carrying charges, pursuant to the billing provisions in the CFMA. LIPA shall pay the invoiced amount pursuant to the terms of the CFMA. Under Option 2, the responsibilities of the Caithness FMS Provider are the same, except that LIPA will provide any required credit support. Respondents may include Option 1 and/or Option 2 in their proposals.

### *Distillate Oil*

The Caithness FMS Provider shall be responsible for procuring and delivering sufficient quantities of distillate oils, meeting all applicable fuel specifications, to the Plant for the LIPA Share. The Caithness Share is comprised solely of duct burners which cannot burn distillate oils.

The Plant has on-site tankage of approximately 750,000 gallons or enough to fuel the project at full load operation for 2 days at a rate of 14,000 gallons of distillate oil per hour. The Plant has tanker truck unloading facilities sufficient for the simultaneous unloading of two 12,000 gallon tanker trucks. The Caithness FMS Provider shall also monitor and verify the quantity of distillate oil stored at the Plant, maintain records of the quantity and average price of distillate oil in inventory and report such inventory information to LIPA on a regular basis as established by LIPA.

It is anticipated that distillate oils will be used at the Plant (i) during natural gas recalls by the Caithness Gas Supplier as outlined above, (ii) during periods of time when distillate oils are more economic than natural gas, and (iii) in the event that National Grid is forced to suspend its firm local gas transportation service. Use of distillate oils at the Plant are limited due to Caithness' air permits which allow for up to 20 starts per year on distillate oils and a maximum of 720 hours of operations on distillate oils. The Caithness FMS Provider shall ensure that the deliveries are received at the delivery points during these periods, and review all confirmations.

It is expected that the Caithness FMS Provider will enter into one or more contracts with local distillate oil suppliers to provide sufficient amounts of distillate oil and transportation to the Plant to accommodate LIPA's needs. LIPA has provided in Attachment E a standard Distillate Oil Agreement that the Caithness FMS Provider shall use to negotiate and execute agreements with distillate oil suppliers. The Caithness FMS Provider shall demonstrate the procurement process it expects to use (e.g., competitive or negotiated contract) to assure that LIPA will receive distillate oil arrangements to minimize LIPA's fuel costs. With regard to any required credit support and payment of invoices in these distillate oil arrangements, Respondents may propose either or both of two options. Under LIPA's preferred Option 1, the Caithness FMS Provider shall be responsible for providing any required credit support and make required payments directly to the distillate oil supplier after it has reviewed and verified all charges set forth in the supplier's invoice. The Caithness FMS Provider shall directly invoice LIPA for such payments, plus any applicable carrying charges, pursuant to the billing provisions in the CFMA. LIPA shall pay the invoiced amount pursuant to the terms of the CFMA. Under Option 2, the responsibilities of the Caithness FMS Provider are the same, except that LIPA will provide any required credit support. Respondents may include Option 1 and/or Option 2 in their proposals.

The Caithness FMS Provider shall also consider and make recommendations to LIPA regarding the economic feasibility of LIPA obtaining dedicated or leased off-site distillate oil storage capacity and tanker trucks.

### III. PROPOSAL SUBMITTAL REQUIREMENTS

Each Respondent shall respond to each of the areas listed below, in the order listed<sup>5</sup>, and conclude with a separate section on cost. Respondents shall include in their proposal:

- Completed Attachment D “Respondent Response Form” which contains proposal submittal requirements set forth in this section.
- All other requested information set forth in this section.

#### A. Technical Proposal

##### 1. General Information:

**The following is a listing of the information to be provided in the proposal. A proposal that does not include all the information required below may be deemed non-responsive and subject to rejection.**

- i. A cover letter, which shall be considered an integral part of the proposal, shall accompany the proposal and be signed by the individual or individuals authorized to bind the respondent contractually. In signing the cover letter, the respondent agrees to be bound by the terms of this RFP and its submission hereunder, including all prices, until February 28, 2010. The cover letter shall contain a statement to the effect that the respondent’s work for LIPA will not create any conflict of interest. If your firm believes that a conflict may arise, the nature of the conflict should be described in detail.
- ii. Provide the name, title, address, telephone and fax numbers, and e-mail address of the primary contact that LIPA should contact with respect to the respondent’s proposal.
- iii. Provide a Statement of Work, describing the respondent’s approach to providing the services and identifying all of the tasks required to complete the scope of work set forth herein.

---

<sup>5</sup> The order in which proposal submittal requirements are listed below does not have any significance in LIPA’s proposal evaluation process.

## 2. Respondent's Knowledge and Experience:

Respondent should provide the following information:

- i. Describe your firm and its professional experience relevant to the requirements of this RFP. Describe three (3) projects/engagements similar to the one requested in this RFP, including a listing and role description of personnel involved who are also being proposed for this project, a brief project description, and the client's name, phone number, and address. Please make sure that telephone numbers and client contacts are up to date. Provide a summary of respondent's experience in managing distillate oil & gas supply for power plants located in the NYISO, PJM, or ISO-NE.
- ii. A description of any prior or current work for LILCO, Brooklyn Union Gas Company, KeySpan Corporation or National Grid, including any subsidiaries and affiliates.
- iii. A summary of respondent's experience in the electric utility industry and with public power authorities; publicly-owned electric utilities; investor-owned electric utilities; other electric utilities; federal, state, or municipal bodies; and any other pertinent clients. Please state the nature of that experience, the name of each such client, and a contact person at each such client.
- iv. A summary of respondent's experience in the natural gas utility industry and publicly-owned natural gas utilities; investor-owned natural gas utilities, and other natural gas utilities; federal, state, or municipal bodies; and any other pertinent clients. Please state the nature of that experience, the name of each such client, and a contact person at each such client.
- v. A description of members of the team that will be assigned to this engagement, including past experience of each member providing the same or similar services as requested in the RFP and the geographic location of each team member. Identify the individuals who will be involved and the primary role and responsibilities of each member, as well as the principal/senior officer who will serve as the Principal Manager. Please provide resumes for each member of the team and a description of the respondent's plan to retain such experienced staff for the duration of the Contract Term.

- vi. Financial Information: Each respondent should provide its financial condition including evidence of creditworthiness and its three most recent audited financial statements. If audited financial statements are not available, please explain.

### **3. Acceptance of the Terms of the Caithness Fuel Management Agreement, and Ownership of Intellectual Property, Data, Analyses, and Reports:**

Respondents should state their acceptance of the terms and conditions of the CFMA posted on the RFP web site or state any exceptions with specific contract language for each exception taken. The nature and extent of the exceptions taken, if any, will be an important factor considered by LIPA in its evaluation of proposals.

To the extent the Caithness FMS Provider's performance under the CFMA results in the development of any invention or discovery, including hardware and software development ("Intellectual Property"), such Intellectual Property will be LIPA's sole property. In addition, all data, analyses, spreadsheets, and reports used or developed pursuant to services performed by the Caithness FMS Provider under the CFMA shall be owned by LIPA. Each respondent should state in its proposal submittal any exceptions to this requirement. A complete description of LIPA's rights to Intellectual Property is provided in the CFMA.

### **4. Conflicts of Interest:**

Describe fully any conflicts of interest, actual or potential, which might arise in connection with your firm's performing the services for LIPA set forth in this RFP. If your firm believes that a conflict of interest might arise, please describe how any such conflict would be resolved.

LIPA is also issuing on or about the same date as this Caithness Fuel Management RFP a related Natural Gas Supply RFP. Due to the nature of the services contained within the two RFPs, LIPA is concerned that a conflict of interest could result if the same vendor was selected to provide services in both RFPs. Therefore, if a Respondent to this RFP, or an affiliate of such Respondent, elects to also submit a proposal in the Natural Gas Supply RFP, it must clearly set forth the safeguards that it would employ if it, or it and its affiliate were selected to provide services in both RFPs.

### **5. Other Submittal Requirements:**

Respondent should provide the following information:

- a) A written statement signed by a qualified representative that all proposed pricing, terms, and conditions in the proposal is firm through February 28, 2010.
- b) Indicate in its proposals what information, if any, is proprietary and confidential. Respondents are hereby advised that LIPA is subject to the New York State Freedom of Information Law (“FOIL”). Material marked “Confidential and Proprietary” will be treated as such to the extent consistent with LIPA’s legal obligations under the FOIL, other applicable law, regulation or legal process, and will not be disclosed by LIPA to third parties, other than LIPA’s consultants who will assist in the evaluation of the proposals. By submitting a proposal in this RFP, each respondent acknowledges its understanding that such estimated total contract value of its proposal shall be released to the public if a contract between it and LIPA is recommended for approval by the LIPA Board of Trustees and hereby releases LIPA, its employees, consultants, and Trustees from any liability and waives any rights it has in law or equity to protest such disclosure.
- c) Discuss any past or present civil or criminal investigations, pertinent litigation and/or regulatory action involving your firm or any of its employees that could impact your firm’s role or ability to perform the relevant services. If none, include a statement that there are no past or present civil or criminal legal investigations, or pertinent litigation and/or regulatory actions that could impact your ability to serve in the required capacity.
- d) Provide a CD-ROM version of respondent’s proposal in Microsoft Office format.
- e) Respondents must provide fully executed copies of the following forms and certifications that are available on the RFP web site: MacBride Principles, Non-Collusive Bidding Certification, Contractor Disclosure forms, Contingent Fee Certification, Form ST -220 New York State Department of Taxation and Finance Contractor Certification, and New York State Vendor Responsibility Questionnaire/Certification.

## B. Pricing of Services

Respondents shall provide a fixed price for each calendar month of the Term for performing all services as specified in Section II. All pricing information should be provided in, or referenced in Attachment B “Caithness FM Cost Proposal” to facilitate LIPA’s evaluation of respondent’s proposal and provided to LIPA on a CD-ROM in the original file format (Microsoft Excel).

## IV. EVALUATION CRITERIA AND SELECTION PROCESS

### A. Evaluation Process

A selection committee consisting of LIPA staff and consultants will evaluate proposals (the "Selection Committee"). The Selection Committee will make its recommendation to LIPA's Board of Trustees for approval.

The Selection Committee will initially review all proposals to determine responsiveness. The Selection Committee may afford respondents the opportunity to clarify proposals for the purpose of assuring a full understanding of their response to the RFP. The Selection Committee will evaluate all responsive proposals based on the evaluation criteria stated below.

LIPA may short-list and/or conduct interviews of those respondents found to be the most qualified to provide the required services, based upon the RFP evaluation criteria. If selected for an interview, respondents will be notified in advance of the interview date(s). Prior to the award of any contract(s), the Selection Committee will conduct a vendor responsibility determination and may require eligible respondents to answer questions and provide additional information to supplement the information provided in the Vendor Responsibility Questionnaire to assist the Selection Committee in making such a determination.

### B. Evaluation Criteria

Each responsive proposal will be subject to a qualitative and quantitative evaluation by LIPA based upon an overall assessment of its merits using the following criteria (not necessarily listed in the order of importance):

- i. Pricing and Risk: respondent's fixed price for providing the scope of services including the risk of price increases to LIPA as the result of proposed contract or other provisions contained in the proposal.
- ii. Conflicts of Interest: respondent's demonstration that it does not and will not have a conflict of interest in providing the scope of services for the Term.
- iii. Service Provider Ability, Experience and Strength: respondent's experience, past performance, and ability to perform the entire scope of services and the expertise, experience and availability of its management and project team.
- iv. Financial Strength: respondent's financial strength to provide the scope of services for the Term.
- v. Proposed Staffing: respondent's proposed staffing plan, and commitment to retain experienced staff for the duration of the Term.

- vi. Acceptance of the terms and conditions of the CFMA, with minimal or no changes.

Once a proposal has demonstrated its viability and capability of delivering the required product, the cost criteria will be given more consideration than the non-cost criteria in the evaluation.

Following submission of proposals, the Authority may ask questions of Respondents in order to have a full and accurate understanding of Respondents' proposals. All such questions or request for additional information will be made via the RFP web site (see discussion below) to the contact specified by the Respondent in its RFP proposal. The Authority may also request that interviews either live or via telephone conference call or web cast be set up regarding a Respondent's proposal. Respondents will be given sufficient advance notice if such interviews are deemed necessary.

## V. COMMUNICATIONS DURING RFP PROCESS

**A respondent may be disqualified from the RFP process if it has any contact, beyond that allowed in this RFP, with LIPA Board Members, LIPA Staff or LIPA Consultants during the pendency of this RFP.**

Pursuant to State Finance Law sections 139-j and 139-k, this RFP includes and imposes certain restrictions on communications between LIPA and respondents during the procurement process. A respondent is restricted from making contacts (i.e., an oral, written or electronic communication which a reasonable person would infer as an attempt to unduly influence the award, denial, or amendment of a contract) from issuance of the RFP through final award and approval of the resulting Procurement Contract by LIPA and the Office of the State Comptroller ("restricted period") to any LIPA staff, its consultants, or Trustees other than as designated herein, unless it is a contact that is included among certain statutory exemptions as set forth in State Finance Law sections 139-j(3)(a). LIPA's designated staff for this RFP, as of the date hereof is Mr. Mike Standridge, Director of Corporate Contracts and Procurement, 516-719-8620, Bill Funk, Contract Specialist, 516-719-9235, and Mr. Rick Shansky, Manager of Power Markets Contracts, (516) 719-7517. Please use Mr. Funk as the primary point of contact. LIPA staff and Board of Trustees (and consultants) are also required to obtain certain information when contacted during the restricted period and make a determination of the responsibility of the respondent pursuant to these two statutes. Certain findings of non-responsibility can result in rejection for contract award, and in the event of two findings within a four year period, the respondent is barred from obtaining governmental Procurement Contracts. Further information about these requirements can be found in LIPA's Guidelines Regarding Procurement Lobbying posted on the LIPA's web site for this RFP.

To facilitate communications between the Authority and Respondents and to ensure that all Respondents have access to the same information, the Authority has established a web site that will be the means of communications during the RFP process. The RFP web site is accessible via the Authority's home page located at [www.lipower.org](http://www.lipower.org). This RFP will be posted on the RFP web site for public access.

LIPA will host a Proposers' Conference at its offices located at 333 Earle Ovington Blvd., Suite 403 in Uniondale, New York on June 3, 2009. The Proposers' Conference will include an overview of the RFP and an opportunity for Respondents to ask questions. A transcribed record of the Proposers' Conference will be posted on LIPA's RFP website at <http://www.lipower.org>. Please notify the Authority via the RFP website if you will be attending, indicating the names and titles of the attendees, by close of business on June 1, 2009. Attendance at the Proposer's Conference is not mandatory for purposes of submitting a proposal.

Questions regarding this RFP should be submitted in writing via the RFP web site on or before the June 19, 2009 deadline for submission of questions. Responses to any questions received will be posted on LIPA's RFP web site at <http://www.lipower.org> on a regular basis. No other communication of questions and answers will be made.

## **VI. NOTICE OF INTENT TO SUBMIT PROPOSAL**

All potential respondents are strongly encouraged to provide a Notice of Intent to Submit Proposal to LIPA by 5:00 pm, Eastern Time on June 26, 2009. Such notice should contain the name, address, phone number of the proposed respondent and a contact name, address, phone number, and e-mail address. This notice should be provided via the RFP website discussed above. Submitting a Notice of Intent to Submit Proposal is not a pre-requisite for submitting a proposal in this RFP.

## **VII. SUBMISSION OF PROPOSALS**

Proposals submitted in response to this RFP should be submitted in a manner set forth below.

Five bound copies, and one CD of the respondent's proposal must be mailed, sent by courier or hand-delivered so that they are received by **3:00 p.m. Eastern Time on July 7, 2009** at the following address:

Long Island Power Authority  
Attn: Rick Shansky, Manager of Power Markets Contracts  
Caithness Fuel Management Services RFP  
333 Earle Ovington Blvd., Suite 403  
Uniondale, New York 11553

Five copies plus a CD of the respondent's proposal shall also be sent to the following address so that they are received by **3:00 p.m. Eastern Time on July 7, 2009**:

Long Island Power Authority  
c/o Navigant Consulting, Inc.  
Attn: Robert Kendall  
Caithness Fuel Management Services RFP  
1400 Old Country Road, Suite 402  
Westbury, New York 11590-5156

**Proposals received after the above stated due date and time will not be considered, nor will e-mailed or faxed proposals, whenever received.**

### **VIII. TARGET SCHEDULE**

The proposed schedule of key dates in this RFP is as follows:

<u>Event</u>	<u>Target Date</u>
RFP Issuance	May 19, 2009
Proposers Conference	June 3, 2009
Deadline for Questions	June 19, 2009
Notice of Intent to Submit Response	June 26, 2009
<b>Proposal Due Date</b>	<b>July 7, 2009 by 3:00 PM</b>
Proposal Selection	September 2009 Board of Trustees Meeting
Commence of Services	January 1, 2010

### **IX. MISCELLANEOUS**

While LIPA has endeavored to supply useful information in this RFP, LIPA makes no representation or warranty, express or implied, as to the accuracy or completeness of any information contained herein or otherwise provided to any respondent by or on behalf of LIPA. LIPA shall have no liability relating to or arising from any such information or the use thereof. Respondents are encouraged to conduct their own investigation and analysis of any and all information contained herein or otherwise provided by or on behalf of LIPA. This RFP is not an offer or commitment and is not capable of being accepted to form a binding agreement.

## X. LIMITATIONS

### General

1. This RFP does not commit LIPA to award a contract, pay any costs associated with the preparation of a proposal, or procure or contract for any project whatsoever. LIPA reserves the right, in its sole discretion, to accept or reject any or all responses to this RFP, to negotiate with any or all firms considered, or to cancel this RFP in whole or in part. LIPA reserves the right to request additional information from any or all respondents.
2. Any Respondent may be requested by LIPA to clarify the contents of its proposal. Other than to provide information as required by LIPA, a respondent is not permitted to alter its proposal or to add new information after the proposal due date.
3. All material submitted in response to this RFP will become the sole property of LIPA.
4. From among the proposals received, LIPA may select one or more proposals, or it may decline to accept any or all proposals.

### Non-responsive proposals include, but are not limited to, those that:

- a) are irregular or not in conformance with RFP requirements and instructions;
- b) are conditional;
- c) are intended to accomplish only part of the overall work or;
- d) are not submitted on time or
- e) are submitted at any time via facsimile or e-mail.

LIPA may waive minor informalities or irregularities in a proposal that are merely a matter of form and not of substance and the correction of which would not be prejudicial to other Proposals. **Failure to submit a proposal on time will not, under any circumstances (e.g., traffic conditions, mail or courier failure), be waived by LIPA.**

### B. Addenda: Errors and Omissions

If a respondent discovers any ambiguity, conflict, discrepancy, omission or other error in this RFP, it should immediately notify Mr. Mike Standridge, in writing, of such error and request clarification or modification to the RFP. Should LIPA find it necessary, modification will be made by written addenda. Such modifications will be posted on LIPA's web site.

If a respondent fails to notify LIPA of a known error or an error that reasonably should have been known prior to the filing date for submission, respondent shall assume the risk. If awarded the contract, respondent shall not be entitled to additional compensation or time by reason of the error or its late correction.

### **C. Contract Approval**

LIPA's selection of the successful respondent shall require the approval of the LIPA Board of Trustees. A contract entered into in connection with this RFP shall not be valid, effective or binding until approved by the Comptroller of the State of New York and filed in his office, in accordance with Section 112 of the New York State Finance Law. No payment shall be made under a contract until such approval is obtained.

### **D. Debriefing of Unsuccessful Respondents**

Upon written request to Mr. Mike Standridge, an unsuccessful respondent may request a debriefing with Authority staff. Debriefings will be scheduled after LIPA has provided written notice of its selection of the successful respondent(s).

Discussions during any such debriefing will be limited to an analysis of the proposal submitted to LIPA by the respondent requesting the debriefing. Comparisons between proposals or evaluations of the other proposals will not be discussed. Debriefings may be conducted in person or on the telephone at LIPA's discretion.

# APPENDIX 1 – DAILY & MONTHLY CAITHNESS NATURAL GAS USAGE PROFILE

## Caithness Typical Gas Daily Usage Profile (Illustration Purposes, Only)

### 2010 Typical Weekday Usage (1)<sup>6</sup>

Hour Ended	<u>Jan</u> (dth)	<u>Aug</u> (dth)
1	1,536	1,767
2	1,536	1,767
3	1,536	1,515
4	1,536	1,462
5	1,536	1,381
6	1,658	1,573
7	1,814	1,767
8	1,814	1,767
9	1,814	1,767
10	1,814	1,767
11	1,814	1,767
12	1,814	1,767
13	1,814	1,767
14	1,814	1,767
15	1,814	1,767
16	1,814	1,767
17	1,814	1,767
18	2,005	1,767
19	2,005	1,767
20	2,005	1,767
21	1,814	1,767
22	1,814	1,767
23	1,814	1,767
24	1,658	1,767

---

<sup>6</sup> Reflects, for illustration purposes, Caithness' projected daily natural gas burn for LIPA's 286 MW share of the Plant

Caithness' Projected Monthly Gas Burn (Jan. 2010 – Oct. 2011) (Illustration Purposes, Only)

Projected MONTHLY Natural Gas Burn <sup>7</sup>		
Month	2010 (Kdth)	2011 (Kdth)
Jan	1,300	1,300
Feb	1,250	1,200
Mar	1,350	1,350
Apr	900	0
May	1,250	1,200
June	900	1,200
July	1,300	1,250
Aug	1,250	1,250
Sept	1,200	1,200
Oct	1,100	950
Nov	1,300	1,200
Dec	1,400	1,400
<b>Total</b>	<b>14,500</b>	<b>13,500</b>

---

<sup>7</sup> Reflects, for illustration purposes, Caithness' projected monthly natural gas burn for LIPA's 286 MW share of the Plant.

**ATTACHMENT A –  
CAITHNESS FUEL MANAGEMENT AGREEMENT**

SEE ATTACHED CAITHNESS FUEL MANAGEMENT AGREEMENT

**ATTACHMENT B –  
FUEL MANAGEMENT COST PROPOSAL**

PLEASE SEE ATTACHED EXCEL FILE

## **ATTACHMENT C – REQUIRED FORMS**

The following forms must be completed and provided in the respondent's Technical proposal pursuant to proposal submittal requirements in Section 5.1.e. Please reference the following documents, and the associated attached files (filenames within quotations " ")

1. MacBride Principles – "macbride.pdf"
2. Non-Collusive Bidding Certification – "Bidding\_Cert.pdf"
3. Contractor Disclosure forms – "prolobbylaw.pdf"
4. Contingent Fee Certification – "contingentfee.pdf"
5. Form ST-220 NYS Dept of Taxation & Finance Contractor Certification – "st220.pdf" or "st220ca.pdf" as applicable
6. NYS Vendor Responsibility Questionnaire – "vendor\_questionnaire.doc"

## ATTACHMENT D – RESPONDENT RESPONSE FORM

Below is a summary of the various Proposal Submittal Requirements specified in the RFP. Respondent’s proposal shall be based on the RFP requirements (RFP Section Reference are provided for each submittal requirement), and not the summary below. Respondents shall either provide its proposal responses directly on this form or provide a section/page reference where the response is located in its proposal. Each respondent should return a completed Proposal Submittal Requirement Form with its proposal that is signed by an authorized representative of its company.

### 1. RFP SECTION – GENERAL INFORMATION:

RFP Section	Data Requested	Response
III.A.1.ii.	Company:	
	USPS Address:	
	Express Mailing Address (2):	
	Authorized Representative - Proposal Contact:	
	Name:	
	Title:	
	Telephone:	
	Fax:	
	E-mail:	
	Legal Status of Company (e.g., LLC, LP)	

Signature of Authorized Representative: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**1. RFP SECTION – GENERAL INFORMATION (CONTINUED):**

<b>RFP Section</b>	<b>Brief Summary of Requested Information</b>	<b>Response, or Proposal Section Reference</b>
<b>General Information (continued):</b>		
<b>III.A.1.ii i</b>	Provide a Statement of Work, describing the respondent’s approach to providing the services and identifying all of the tasks required to complete the scope of work set forth herein.	

## 2. RFP SECTION – KNOWLEDGE AND EXPERIENCE:

<b>RFP Section</b>	<b>Brief Summary of Requested Information</b>	<b>Response, or Proposal Section Reference</b>
<b>III.A.2.i</b>	Describe your firm and its professional experience relevant to the requirements of this RFP. Describe three (3) projects/engagements similar to the one requested in this RFP, including a listing and role description of personnel involved who are also being proposed for this project, a brief project description, and the client’s name, phone number, and address. Please make sure that telephone numbers and client contacts are up to date. Provide a summary of respondent’s experience in managing distillate oil & natural gas supply for power plants located in the NYISO, PJM, or ISO-NE.	
<b>III.A.2.ii</b>	A description of any prior or current work for LILCO, Brooklyn Union Gas Company, KeySpan Corporation or National Grid, including any subsidiaries and affiliates.	
<b>III.A.2.ii i</b>	A summary of respondent’s experience in the electric utility industry and with public power authorities; publicly-owned electric utilities; investor-owned electric utilities; other electric utilities; federal, state, or municipal bodies; and any other pertinent clients. Please state the nature of that experience, the name of each such client, and a contact person at each such client.	
<b>III.A.2.i v</b>	A summary of respondent’s experience in the natural gas utility industry and publicly-owned natural gas utilities; investor-owned natural gas utilities, and other natural gas utilities; federal, state, or municipal bodies; and any other pertinent clients. Please state the nature of that experience, the name of each such client, and a contact person at each such client.	
<b>III.A.2.v</b>	A description of members of the team that will be assigned to this engagement, including past experience of each member providing the same or similar services as requested in the RFP and the geographic location of each team member. Identify the individuals who will be involved and the primary role and responsibilities of each member, as well as the principal/senior officer who will serve as the Principal Manager. Please provide resumes for each member of the team and a description of the	

	respondent's plan to retain such experienced staff for the duration of the Contract Term.	
<b>III.A.2.v i</b>	Financial Information: Each respondent should provide its financial condition including evidence of creditworthiness and its three most recent audited financial statements. If audited financial statements are not available, please explain.	

**3. RFP SECTION – Acceptance of Caithness Fuel Management Agreement, and Ownership of Intellectual Property, Data, Analyses, and Reports**

<b>RFP Section</b>	<b>Brief Summary of Requested Information</b>	<b>Response, or Proposal Section Reference</b>
<b>III.A.3.1</b>	Respondents should state their acceptance of the terms and conditions of the CFMA posted on the RFP web site or state any exceptions with specific contract language for each exception taken.	
<b>III.A.3.2</b>	To the extent the Caithness FMS Provider’s performance under the CFMA results in the development of any invention or discovery, including hardware and software development (“Intellectual Property”), such Intellectual Property will be LIPA’s sole property. In addition, all data, analyses, spreadsheets, and reports used or developed pursuant to services performed by the Caithness FMS Provider under the CFMA shall be owned by LIPA. Each respondent should state in its proposal submittal any exceptions to this requirement. A complete description of LIPA’s rights to Intellectual Property is provided in the CFMA.	

**4. RFP SECTION – Conflicts of Interest**

<b>RFP Section</b>	<b>Brief Summary of Requested Information</b>	<b>Response, or Proposal Section Reference</b>
<b>III.A.4</b>	Describe fully any conflicts of interest, actual or potential, which might arise in connection with your firm’s performing the fuel management services for LIPA. If your firm believes that a conflict of interest might arise, please describe how any such conflict would be resolved.	

## 5. RFP SECTION – Other Submittal Requirements

RFP Section	Brief Summary of Requested Information	Response, or Proposal Section Reference
III.A.5.a	A written statement signed by a qualified representative that all proposed pricing, terms, and conditions in the proposal is firm through February 28, 2010.	
III.A.5.b	Indicate in its proposals what information, if any, is proprietary and confidential. Respondents are hereby advised that LIPA is subject to the New York State Freedom of Information Law (“FOIL”). Material marked “Confidential and Proprietary” will be treated as such to the extent consistent with LIPA’s legal obligations under the FOIL, other applicable law, regulation or legal process, and will not be disclosed by LIPA to third parties, other than LIPA’s consultants who will assist in the evaluation of the proposals. By submitting a proposal in this RFP, each respondent acknowledges its understanding that such estimated total contract value of its proposal shall be released to the public if a contract between it and LIPA is recommended for approval by the LIPA Board of Trustees and hereby releases LIPA, its employees, consultants, and Trustees from any liability and waives any rights it has in law or equity to protest such disclosure.	
III.A.5.c	Discuss any past or present civil or criminal investigations, pertinent litigation and/or regulatory action involving your firm or any of its employees that could impact your firm’s role or ability to perform the relevant services. If none, include a statement that there are no past or present civil or criminal legal investigations, or pertinent litigation and/or regulatory actions that could impact your ability to serve in the required capacity.	
III.A.5.d	Provide a CD-ROM version of respondent’s proposal in Microsoft Office format.	
III.A.5.e	Respondents must provide fully executed copies of the following forms and certifications that are available on the RFP web site: MacBride Principles, Non-Collusive Bidding Certification, Contractor Disclosure forms, Contingent Fee Certification, Form ST -220 New York State Department of Taxation and Finance Contractor	

	Certification, and New York State Vendor Responsibility Questionnaire/Certification.	
--	--	--

**RFP SECTION – Pricing of Services**

<b>RFP Section</b>	<b>Brief Summary of Requested Information</b>	<b>Response, or Proposal Section Reference</b>
<b>III.B</b>	Respondents shall provide a fixed price for each calendar month of the Term for performing all services as specified in Section II. All pricing information should be provided in, or referenced in Attachment B “Caithness FM Cost Proposal” to facilitate LIPA’s evaluation of respondent’s proposal and provided to LIPA on a CD-ROM in the original file format (Microsoft Excel).	

**ATTACHMENT E –  
LIPA STANDARD DISTILLATE OILS CONTRACT**

[See attached file – “LIPA Distillate oils Contract.doc”]