

Request for Proposals
For Physical Energy Storage Contracts for
Liquefied Natural Gas Storage Capacity

Initially Issued by the Maine Public Utilities Commission

September 13, 2016

Proposal Due Date Revised on

September 30, 2016

1. Background

The Maine Public Utilities Commission (Commission) is seeking proposals for Liquefied Natural Gas Storage Capacity (LNG Storage Capacity) through one or more Physical Energy Storage Contract(s) (PESC).

During its 2016 session, the Maine Legislature enacted An Act To Allow the Public Utilities Commission to Contract for Liquefied Natural Gas Storage and Distribution (Act) P.L. 2015, ch. 445. The Act establishes the authority for the Commission to execute or direct one or more of Maine's transmission and distribution (T&D) utilities, gas utilities, or natural gas pipeline utilities to execute a PESC, provided that certain statutory prerequisite actions have been completed, and certain determinations regarding the benefits of the PESC have been made. The Act further requires that any PESC must be executed prior to June 1, 2017.

Additional information about this RFP, including a copy of the Act and instructions for submitting bids is available at:

http://www.maine.gov/mpuc/natural_gas/lngstoragecontract

Proposals are due on or before November 4, 2016.

2. Objectives and Evaluation Standards

2.1 Qualifying LNG Capacity

LNG Storage Capacity is storage capacity for LNG installed in the State on or after January 1, 2016 that will benefit the State's energy consumers during times of regional supply constraints due to capacity limitations of interstate or intrastate pipelines or local distribution systems. The objective of this RFP is to solicit proposed contracts with LNG Storage Capacity. Contracts will be for physical energy storage capacity, and will be between the entity providing such capacity and one or more of Maine's T&D utilities, natural gas local distribution companies (LDC), or natural gas pipeline utilities.

2.2 Evaluation Standards

Proposals will be evaluated based on the requirements and objectives stated in the Act and this RFP. In evaluating proposals, the Commission will consider the extent to which a PESC is reasonably likely to:

- a) Materially enhance LNG Storage Capacity in the State or the ISO region;
- b) Provide net benefits to Maine's electricity and/or natural gas consumers;

- c) Provide the opportunity for access to lower cost natural gas at times of regional peak demand for natural gas or in the event of a disruption in upstream natural gas infrastructure; and
- d) Enhance electrical and natural gas reliability in the State.

In addition, the PESC must be commercially reasonable and in the public interest.

The Commission may accept or reject any proposal, or it may reject all proposals, based on its assessment of whether a proposal meets the requirements of the Act and this RFP; satisfies applicable statutory policies and objectives; is within the applicable contracting authority; and conforms with generally accepted business practices.

The Commission may not execute or direct the execution of a PESC unless the Governor has approved in writing the execution of the PESC.

2.3 Cost Cap

The total annual cost of any/all PESC executed pursuant to this RFP may not exceed the lesser of: (1) \$25 million; or (2) the difference between (i) \$75 million and (ii) the cost of any/all Energy Cost Reduction Contracts executed pursuant to the Maine Energy Cost Recovery Act.

3. Proposal Requirements

3.1 Form of Product

Proposals should be for LNG Storage Capacity from a qualifying facility or facilities.

3.2 Transaction and Pricing Structures

Proposals should specify monthly and annual quantities and prices for LNG Storage Capacity for each year of the proposed contract term.

Prices must be in nominal dollar terms.

The same LNG Storage Capacity facility may submit multiple pricing proposals, as long as they are mutually exclusive. A PESC proposal for one facility cannot be contingent on a PESC for another facility being accepted.

3.3 Provide Draft Contract

Proposals should include a draft contract that establishes the terms of the arrangement including terms of performance security.

3.4 Firm and Final Bids

PESC proposals will be binding on the bidder. Changes to proposals will not be accepted after the submission of bids except to the extent requested by the Commission. The Commission reserves the right to ask bidders to provide additional information related to any aspect of a proposal, or to clarify, correct or amend a proposal.

3.5 Confidentiality

A bidder may designate information included in its proposal as proprietary or confidential information. The Commission will take every reasonable step, consistent with applicable law, to protect information that is clearly identified as proprietary or confidential on the page on which it appears. Protected information may be made available to non-bidder parties in Docket No. 2016-00220 under appropriate protective order terms. PESC that are selected by the Commission will become public at the time of the Commission's decision.

4. RFP Process

4.1 Overview of Process; Schedule

PESC proposals are due on or before November 4, 2016.

Instructions for submitting proposals are posted to the RFP website at: http://www.maine.gov/mpuc/natural_gas/lnqstoragecontract

The Commission Staff will review all proposals; may ask for supplemental and/or clarifying information from bidders; and may propose modifications to the terms of the proposed PESC. Bidders may accept or reject any modifications proposed by Commission Staff.

The Commission reserves the right to revise, suspend, or terminate the RFP at its sole discretion. In such event, the Commission will inform all bidders as soon as reasonably possible.

4.2 RFP Documents and Information; Contact Persons

The RFP and all related documents and information are available on the RFP Website at: http://www.maine.gov/mpuc/natural_gas/lnqstoragecontract

All changes and supplements to the RFP and related materials will be posted to the RFP Website. Bidders are responsible for obtaining these updates and additions.

The RFP Contact Person is:

Faith Huntington

Director of Electricity and Natural Gas

Maine Public Utilities Commission

Faith.Huntington@maine.gov

207-287-1373

Bidders may submit questions or request additional information by contacting the RFP Contact Person. To the extent bidder inquiries elicit generally applicable information or corrections/clarifications to existing information, such information may be posted to the RFP Website. Bidder questions, information requests and the associated responses will not otherwise be made generally available.

The Commission will endeavor to respond to all questions and information requests, but it is under no obligation to do so.

5. Proposal Content Requirements

5.1 Project Information

- a. Proposals should include a description of the facility, including its qualification as LNG Storage Capacity as defined in the Act.
- b. Proposals should include detailed information about the location of the facility, as well as how the LNG provided by the facility will be delivered to consumers.
- c. Proposals should include a detailed projected project development schedule with major milestones and regulatory steps indicated.

5.2 Corporate Structure, Financial and Technical Capability

Proposals should include information and supporting documents describing the corporate structure and ownership of the LNG Storage Capacity facility; information sufficient to demonstrate the financial capability of the facility owner and operator, including audited financial statements of the facility owner and corporate parent and current credit agency rating reports (if applicable); and information and documentation demonstrating the safety record, technical experience and expertise of the facility owner and operator.

5.3 Quantity and Pricing

Proposals should include the quantities and prices for LNG Storage Capacity for each month and/or year of the term. All contingencies associated with a proposal and/or pricing should be clearly indicated.

6. General

6.1 Proposals

Proposals are binding on the bidder and must be submitted in accordance with this RFP or as otherwise specified by the Commission. The Commission reserves the right to seek clarification and request additional information, documentation and other material related to the proposals. Failure to provide any such items within the timeframes requested may result in disqualification.

6.2 Proposal Costs

All costs associated with developing and submitting a proposal in response to this RFP and providing oral or written clarification of its contents are borne by the bidder.

6.3 Rights of the Commission

The Commission may accept or reject any proposal, or it may reject all proposals, based on its assessment of whether a proposal meets the requirements of the RFP, satisfies the applicable statutory policies and objectives, is within the contracting authority of the Commission, and conforms with generally accepted business practices.

The Commission reserves the right to withdraw or modify the RFP at any time and to propose modifications to the bids.

The Commission shall not be responsible or liable in any manner for risks, costs, expenses, or other damages incurred by any bidder or other entity involved, directly or indirectly, with this RFP.

6.4 State Held Harmless

The State of Maine, its officers, agents, and employees, including the Maine Public Utilities Commission, Commissioners and the employees or agents of the Maine Public Utilities Commission shall be held harmless from any and all claims, costs, expenses, injuries, liabilities, losses and damages of every kind and description resulting from or arising out of this RFP.

6.5 Warranty

The information contained in the RFP and provided subsequently is prepared to assist bidders and does not purport to contain all of the information that may be relevant to bidders. The Commission makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the information. The Commission, its staff and its agents shall not have any liability for any representations expressed or implied in, or any omissions from, the RFP or

information obtained by bidders from the Commission, its staff, its agents or any other source.