Non-Pipeline Solutions Pre-RFP Webinar
January 24, 2018
Agenda

- Con Edison’s Need for Non-Pipeline Solutions
- Con Edison’s Smart Solutions for Natural Gas Customers initiative
- Con Edison’s Non-Pipeline Solutions RFP
- RFP response requirements
- Steps to submit a response, including vendor qualification procedures
- Key dates and deadlines
- Q&A

Note: The RFP and related documents are posted on Con Edison’s website at: https://www.coned.com/en/business-partners/business-opportunities/non-pipeline-solutions. To the extent that any conflicts exist between the posted RFP and related materials and this presentation, the posted materials shall govern, except with respect to the RFP schedule shown on slide 26. Readers are encouraged to notify Con Edison of any such conflicts by sending an email to Non-PipesRFP2017@coned.com.
Con Edison’s Need for Non-Pipeline Solutions

• Peak demand is growing quickly
  – 30% growth in demand since 2011
  – Additional 20% growth expected over the next 20 years

• Additional resources are needed to meet future gas peak demand

• We are seeking non-pipeline solutions to meet several goals:
  – Continue environmental progress
  – Consider alternatives to new gas pipeline construction
  – Reduce our use of short-term, delivered natural gas services
Smart Solutions for Natural Gas Customers

• Solution 1: Enhanced Gas Energy Efficiency Program
  – Implementation Plan - First quarter 2018

• Solution 2: Gas Demand Response Program
  – Tariff Filing and Implementation Plan - Third quarter 2018

• Solution 3: Gas Innovation Program
  – RFP - Second quarter 2018

• Solution 4: Market Solicitation for Non-Pipeline Solutions
  – RFP – released December 15, 2017

Read Con Edison’s Smart Solutions for Natural Gas Customers filing:
Non-Pipeline Solutions

Non-Pipeline Solutions for this RFP may include (but not limited to):

- **Demand reduction** measures that reduce firm gas load, such as:
  - Energy efficiency (including thermal storage)
  - Electrification of space or water heating
  - Demand response programs
  - Other *proven* technologies

- **Local supply** options *directly connected* to Con Ed’s gas system, such as:
  - Renewable natural gas (Biogas)
  - Distributed natural gas storage
  - Distributed CNG or LNG deliveries
  - Other *proven* technologies
Non-Pipeline Solutions do not include:

- Options that increase end user fossil fuel consumption
- Deliveries of LNG by ship or barge
- Construction of additional pipeline capacity
- Pipeline-transported gas supplies
- Research and development projects
- Programs focused on workforce training
- O&M measures

These approaches will not be considered
# Program Scale and Solution Requirements

## Scale / program goals:
- Offset >100,000 Dt/day of pipeline capacity
- Program budget may exceed $100M/year*
- Measures providing 30 days or more of relief each winter provide the most value
- We invite projects throughout our service territory
- But, our primary focus is on Zones 1 & 2

<table>
<thead>
<tr>
<th>Zone</th>
<th>Value</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Highest</td>
<td>White Plains and communities on the Long Island Sound in Westchester</td>
</tr>
<tr>
<td>2</td>
<td>Significant</td>
<td>Upper Manhattan, the Bronx and the remainder of Lower Westchester</td>
</tr>
<tr>
<td>3</td>
<td>Moderate</td>
<td>The remainder of Manhattan and Queens within Con Edison’s service territory</td>
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* The entire program budget will not be awarded to a single proposal. The program seeks to build a diverse portfolio of suppliers and types of measures, from different Respondent’s proposals.
Program Scale and Solution Requirements

• Functional requirements:
  – Net reduction in peak day load or increase in local supply over 24 hours
  – Availability on the 5 coldest days each winter season (including at least 3 consecutive days)
  – Minimum proposal size of 25 Dt/day, with a strong preference for more than 250 Dt/day

• Project timeline:
  – Must be in service by Nov. 2023; earlier preferred
  – Relief must last at least 3-5 years, with a preferred term of 10+ years
  – Con Edison will consider leasing available land and providing access to other utility assets

* Individual installations do not need to meet minimum size requirements. Respondents can include multiple projects in their proposal to meet size and other requirements.
What You Will Get From Us

• Instructions to potential respondents
• Description of the non-pipeline solution opportunity in our RFP:
  – Detailed locations of highest value areas
  – Aggregated customer use and segment information
  – Factors to convert consumption to peak day use
  – Guidance for specific approaches and technologies
• Frequently-Asked Questions (last updated January 5)
• Attachment A Questionnaire
• Sample Program Agreement
• RFP timeline
What We Expect From You

• Proposed solution description
• Project schedule and customer acquisition plan or letter(s) of engagement
• Detailed costs associated with the proposed solution
• Proposed compensation and commercial terms*
• Risks, challenges, and community impacts
• Professional background and experience with the proposed solution
• Your financial resources
• Fully completed Attachment A Questionnaire
  – List of measures to be employed
  – Performance commitments for those measures

* Requested commercial terms different than Program Agreement should be described and justified
Response Evaluation Criteria

Evaluation criteria* include the following:

- Proposal Content
- Relief Provided
- Benefits and Costs
- Project Risk
- Qualifications
- Community Impacts

* Other proposal requirements described in the body of the RFP also apply
Non-Pipes Solutions
High Level End-to-End Process

- NPS Opportunities Identification
- Issue Solicitation
- Technical and Commercial Viability
- Develop Portfolio of Potential solutions

- Benefit-Cost Analysis
- Procurement
- Implementation
- Project Completion
Steps to Submit RFP Response

1. Download RFP documents

2. Become enabled in Con Edison procurement system

3. Submit Clarification Questions (optional)

4. Receive formal RFP

5. Submit response, including **fully completed** Attachment A Questionnaire, to Con Edison procurement system

Note: Directions to submit a response are provided in the RFP
1. Download RFP Documents

Download the RFP documents from Con Edison’s website:
1. Download RFP Documents

- Non-Pipeline Solutions RFP
- Frequently-Asked Questions document
- Attachment A Questionnaire
- Supplier Enablement Template
2. Become Enabled in Our Procurement System

• Before you can respond to the RFP, you must:
  – Use a Windows PC to download and submit a completed Supplier Enablement Template on our website

• Once enabled, respondents will receive a username and password that they can use to log into the procurement platform as the RFP deadline approaches
  – If a Supplier Enablement Template contains a minor error, the submitting party will be given the opportunity to make a correction
  – Usernames and passwords will be emailed with a few days after January 29

• The enablement process is not an evaluation of your firm’s qualifications

Note: The Supplier Enablement Template must be completed on a Windows PC otherwise the interested parties will experience issues with locked/protected cells.
3. Submit Clarification Questions

- You will have one additional opportunity to submit written clarifying questions.
  - Submit questions to:
    Non-PipesRFP2017@conEd.com

- All responses to clarifying questions will be posted publicly. However, your name and company will not be revealed.

- Con Edison will provide answers two weeks after the deadline for submissions (see schedule at end of presentation).
4. Receive Formal Invitation to Respond

- Potential respondents that are enabled in Con Edison’s Procurement System will be formally invited through the Oracle system to submit a proposal.
- The respondent will utilize the username and password previously provided to access the system.
5. RFP Response Submissions

• You must submit a formal RFP response and fully completed Attachment A Questionnaire through Con Edison’s Procurement system (CECONY Company Oracle RFQ system).

• Responses will not be accepted after the submission deadline.

• Each component of the Attachment A Questionnaire must be completed for the proposed project.
Frequently-Asked Questions

• RFP responses do not always need to identify the specific locations at which load relief work will be performed (e.g., for mass market programs)
  – Customer acquisition and marketing plans will be accepted in lieu of specific customer identities (see page 18-19 of the RFP for instructions)
  – Letters of engagement are preferred, where feasible, particularly for large customers

• Con Edison will consider the impact of projects on its electric system when it evaluates proposals
  – Air-source and ground-source heat pumps are unlikely to negatively impact Con Edison’s electric system during winter months
  – Beneficial impacts during summer months, particularly on constrained electric distribution networks, will be considered and should be highlighted by Respondents

• Con Edison’s geothermal and solar thermal studies can be found at:
Frequently-Asked Questions

• The specifics of Con Edison’s standard terms and conditions appear in the illustrative Program Agreement appended to the RFP.

• Proposed compensation, along with any requested changes to Con Edison’s standard terms and conditions, should be included in each RFP response.

• Con Edison’s expected compensation practices are as follows:
  – Compensation will generally be provided as a capacity-style payment, i.e., on a $ per Dt of Peak Day load reduction or local supply capacity enhancement.
  – Some measures, such as supply-side projects, may also be compensated for energy provided on a volumetric basis ($ per Dt).
  – Con Edison generally provides compensation for installation of energy efficiency measures upon verification that the installation is complete.
  – For dispatchable measures (e.g., local supplies, demand response), some or all compensation may be provided after performance has been verified.
Frequently-Asked Questions

• Under-performance fees will be applied if a Respondent fails to fulfill its performance commitments, as detailed in the illustrative Program Agreement.

• A security deposit may be required to secure performance.
  – For non-dispatchable measures (e.g., most energy efficiency measures), a security posting generally will not be required.
  – For dispatchable measures, such as storage, a security posting may be required to guarantee performance.
  – Respondents required to post security must provide a letter of credit or other form of security acceptable to Con Edison.

• Respondents are required to submit a Measurement & Verification plan as part of their proposal.
  – Con Edison prefers to rely on metered data where available.
Frequently-Asked Questions

• Respondents seeking to provide CNG, LNG, or Renewable Natural Gas (RNG) should include the cost of interconnection in their proposals.
  – Please work with Con Edison’s Gas Engineering Department to evaluate Respondent’s proposed location and interconnection requirements.
  – RNG developers may request a copy of the New York Interconnect Guide for RNG.
  – Contact Non-PipesRFP2017@coned.com for further information.

• Respondents proposing dispatchable resources should indicate the number of hours of prior notice they will require to activate their resources.
  – Resources that can be activated with the shortest notice provide the greatest value to Con Edison, because they can assist in responding to operational events.
  – Respondents may offer to vary proposed compensation depending on notice period.
Key Items to Note

1. Submission of the formal RFP response and applicable documents must be made through the Con Edison Oracle Procurement System.

2. Submission of an RFP response does not guarantee that a proposal will be selected or that a contractual agreement will be signed.

3. Con Edison does not endorse specific technologies and vendors and this should not be assumed for customer acquisition strategies described in the responses.
Key Items to Note

4. If Con Edison moves forward with contracts for a non-pipeline solution, vendors may be required to provide financial assurances to ensure capacity relief in identified areas of need and secure against underperformance.

5. Compensation will be based on a proposal’s success in reducing load or increasing local supply on peak demand days. Respondents must propose the level of compensation sufficient to support their proposal and should identify any requested changes to the commercial terms outlined in the Program Agreement.

6. If your proposal is similar in nature for all the zones identified, one proposal may be submitted, noting the specific zones in which measures will be developed. The Attachment A Questionnaire tab for each zone, however, must be fully completed.
# Key Dates

<table>
<thead>
<tr>
<th>RFP Solicitation Milestones</th>
<th>Completion Date*</th>
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<tbody>
<tr>
<td>RFP Issued</td>
<td>December 15, 2017</td>
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<tr>
<td>Deadline to submit clarification questions (1&lt;sup&gt;st&lt;/sup&gt; round)</td>
<td>January 15, 2017</td>
</tr>
<tr>
<td>Responses to clarification questions published (1&lt;sup&gt;st&lt;/sup&gt; round)</td>
<td>January 29, 2018</td>
</tr>
<tr>
<td>Deadline to become enabled in Con Edison Procurement System</td>
<td>January 29, 2018 (note: revised deadline)</td>
</tr>
<tr>
<td>Deadline to submit clarification questions (2&lt;sup&gt;nd&lt;/sup&gt; round)</td>
<td>February 5, 2018</td>
</tr>
<tr>
<td>Responses to clarification questions published (2&lt;sup&gt;nd&lt;/sup&gt; round)</td>
<td>February 19, 2018</td>
</tr>
<tr>
<td>Qualified respondents’ proposals due</td>
<td>March 1, 2018, 3 PM EDT</td>
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*Con Edison reserves the right to change any of the above dates.*
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Q&A

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Thank you!

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