

New York State Strategic Fuel Reserve
Request for Information (RFI) 2757

Responses Due: May 29th, 2013 by 5:00PM Eastern Time

The purpose of this Request for Information (RFI) is to acquire information that will assist New York State with the design, development, maintenance, and operation of a Strategic Fuel Reserve (SFR) for motor gasoline and diesel fuel in the most efficient, effective, and economical manner possible. The State's desire is that this RFI will open a dialogue with industry stakeholders and others to better understand the breadth of solutions that are currently available or could realistically be designed and implemented. Once completed, this RFI may lead to a procurement process that will best achieve the desired program.

The New York State Energy Research and Development Authority (NYSERDA) and the New York State Office of General Services (OGS) will use the information received from this RFI to identify strategies, key issues, opportunities, current industry practices, and resources which may be most useful in determining future SFR development, including competitive solicitations and contracting strategies. Industry stakeholders including, but not limited to, vendors, fuel supply companies, terminal owners and operators, logistics firms, industry consultants, and intermediaries such as trading firms, as well as consumer advocates and other stakeholders, are encouraged to respond to this RFI.

Technical Conference: NYSEDA and OGS will hold a Technical Conference that will include a presentation by key State stakeholders, followed by a facilitated, structured discussion among State representatives and petroleum industry experts. *The Technical Conference will be held May 1, 2013 from 10:30AM to 3PM in Meeting Rooms 2 and 3 in the Convention Center at the Empire State Plaza in Albany, NY.* Given space requirements, we are asking interested participants to pre-register for the Technical Conference. Registration will be limited to only two representatives from each company/respondent. For pre-registration, interested participants should contact Andrew Kasius at ask@nyserda.ny.gov.

Response Submission: Responses should include (1) paper copy and one (1) CD of the response Responses should be clearly labeled and submitted to:

**Roseanne Viscusi, RFI 2757
NYS Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399**

If you have technical questions concerning this RFI, contact Andrew Kasius at (518) 862-1090, ext. 3327 or ask@nyserda.ny.gov. If you have procedural questions concerning this RFI, contact Elsyda Ahmed at (518) 862-1090, ext. 3232 or ela@nyserda.ny.gov.

If changes are made to this solicitation, notification will be posted on NYSEDA's web site at www.nyserda.ny.gov.

I. Introduction

The purpose of this Request for Information (RFI) is to acquire information that will assist New York State with the design, development, maintenance, and operation of a Strategic Fuel Reserve (SFR) in the most efficient, effective, and economical manner possible. The State's desire is that this RFI will open a dialogue with industry stakeholders and other participants to gain a better understanding of the breadth of solutions that are currently available or could realistically be designed and implemented. Once completed, this RFI process may lead to a procurement process that will best achieve the desired program.

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In 2011, New York State used 5.5 billion gallons of gasoline and 1.3 billion gallons of highway diesel, or approximately 15.2 and 3.7 million gallons per day, respectively. New York State relies on the continuous availability and resupply of these transportation fuels to maintain commerce and the well-being and economic vitality of its citizens, businesses, and governments. As demonstrated by Hurricane Sandy in 2012, these supplies are vulnerable to disruption throughout the supply chain. Throughout the New York metropolitan region, petroleum fuel assets including pipelines, storage terminals, marine facilities, loading racks, and retail gasoline stations suffered physical damage as well as loss of power. As a result, New York State is examining a broad spectrum of strategies to build resiliency and speed recovery from such events. The development of a SFR is one element under consideration.

The SFR would be used to supplement commercial gasoline and diesel supply in the event of a regional or statewide supply disruption. As a supplement to market supplies, the State envisions the program should in no way impact routine market deliveries through the distribution system. In the aftermath of Sandy, approximately 40% of supply was disrupted in the downstate region. New York seeks information that would shape the development of a SFR for both products that would offset similar multi-day disruptions. Such a reserve should be designed and implemented in a regional manner. For example, the downstate and eastern New York regions, including New York City, Long Island and the Hudson Valley, source their fuels primarily from within New York Harbor. Other parts of the State, such as the Southern Tier, Central, and Western regions, are dependent on several pipeline systems that receive fuel from the eastern Pennsylvania area and from a refinery located in western Pennsylvania. The North Country area relies on fuel supplies from a combination of Hudson River, Central New York, and Canadian supply sources. Separate and different reserve capabilities may be required that meet the specific demand and supply characteristics of these regions and that address the logistical challenges of transporting fuel significant distances during an emergency fuel supply disruption event.

II. Information Requested

The State wishes to identify opportunities to develop the SFR in such a way that maximizes the use of existing resources and dovetails with standard industry practices while also considering strategies that would insulate the reserve from major disruptive events. Through this RFI, the State seeks to leverage petroleum industry management expertise to:

1. Suggest the most efficient structure of the SFR i.e. physical, contractual, or hybrid of both: Should a SFR physically maintain the desired supply at all times? Can it be maintained as a

contractual agreement under which counterparties would be required to supply fuel volumes under identified circumstances? Should the SFR be implemented and maintained by a single manager for all reserve requirements statewide, or can multiple managers operate and maintain a reserve program? Are there other models to consider?

2. Characterize industry practices and resources: If the reserve contracts to use private sector capacity, what are the primary terminals that should be considered? Describe back-up power capacity and other resilience features, usable storage capacity, resupply modes, geographic reach and market, rack loading capabilities, and any other relevant capabilities. Do these facilities have excess capacity under normal operating conditions and is it available to support the Strategic Fuel Reserve?
3. Understand geographic scope and distribution of facilities and assets: How and where should regional reserves be physically located to meet the regional demand? What are the advantages and disadvantages to single large facilities versus multiple, smaller locations?
4. Understand the interaction with existing supply channels: How can the Strategic Fuel Reserve supplement traditional supply pathways in the event of a disruption? How can it be designed to incorporate standard industry resources and practices? How can it be developed in such a way that any event that would disrupt commercial supply would not also disrupt the availability of the strategic reserve?
5. Understand the role of biofuels: As much of the gasoline sold in New York requires ethanol to meet minimum octane levels, responses should consider the role of ethanol and biofuels in the context of the reserve. Specifically, should a strategic reserve also maintain ethanol, or other fuel components, which enable the use of a final blended gasoline suitable for automotive use?
6. Understand the role of distribution and logistics capabilities: How should a solicitation for a SFR incorporate distribution and delivery logistics and capabilities?
7. Understand the backup plan, including redundancies, for loss of primary resources for storage terminals: Do facilities have assets to protect against disruption such as backup power supplies? Are there alternative resupply options for terminals that they would seek out?
8. Identify key issues, including operational, functional and fiscal that could affect the viability and success of a SFR program, including specific attention to functionality for a design focused on all residents and for first responders.

III. Content of Response

NYSERDA and OGS request that responses include the following information.

1. Company/Organization Background: Provide general background information regarding your company or organization, including a summary of any previous experience that could be relevant to this RFI.
2. Potential Solutions: Provide examples of potential approaches to the information sought in Part II that will help New York State most effectively meet the challenges described in this RFI.
3. Investment and Cost: Provide information and ideas on how this project could be accomplished at maximum effectiveness and minimal cost to the State.
4. Issues and Concerns: Provide information regarding potential issues or concerns that should be considered. Responses may include strength and weakness comparisons of potential solutions from the respondent's point of view.

5. Required Information: Provide a list of the types of information and/or any other parameters described in Part II that should be considered or required in order for bidders to respond to a formal Request for Proposals (RFP).
6. Training and Support: Provide general information regarding training and support which would be necessary or beneficial.

Responses should not be excessively long or submitted in an elaborate format that includes expensive binders or graphics. Each page of the response should state the name of the respondent, the RFI number, and the page number.

Please respond to the information above and provide the name of your company, its location, a contact person, phone number and email address when replying to this RFI. A response does not bind, obligate, nor preclude the respondent to any current or future agreement of provision or procurement of services referenced.

IV. GENERAL CONDITIONS

Proprietary Information - Careful consideration should be given before confidential information is submitted to NYSERDA and OGS as part of your response. Review should include whether it is critical for evaluating a response, and whether general, non-confidential information, may be adequate for review purposes. The NYS Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSERDA and OGS possesses. Public Officers Law, Section 87(2)(d) provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSERDA and OGS that the respondent wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to exempt it from disclosure, including a written statement of the reasons why the information should be exempted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501: <http://nyserda.ny.gov/~media/Files/About/Contact/NYSERDARegulations.ashx>. However, NYSERDA and OGS cannot guarantee the confidentiality of any information submitted.

Disclaimers - This RFI is not a contract offer, and does not commit NYSERDA or OGS to award a contract, pay any costs incurred in preparing a response, or to procure or contract for services or supplies. Respondents are encouraged to respond to this RFI; however, failure to submit a response will not impact a respondents' ability to respond to any future competitive solicitation process (if any) for projects. NYSERDA and OGS reserve the right to accept or reject any or all information received, or to modify or cancel in part or in its entirety this RFI at any time. Respondents are advised that all costs associated with responding to this RFI will be solely at their expense. There are no representations or warranties regarding the accuracy or completeness of the information contained in this RFI. Respondents are responsible for making their own evaluation of information and data contained in this RFI and for preparing and submitting responses to this RFI.