

Upstate New York Strategic Fuels Reserve Program
Request for Proposal (RFP) 2965
Up to \$10 million Available

Proposals Due: July 10th, 2014 by 5:00 PM Eastern Time*

New York State relies on the continuous availability and resupply of gasoline and diesel fuel to maintain public safety, commerce and the well-being and economic vitality of its citizens, businesses, and governments. As experienced after Superstorm Sandy in 2012, events that damage petroleum fuel assets and cause prolonged power outages can result in significant disruption to the availability and resupply of petroleum fuels. Such disruptions can prolong recovery efforts and delay the return of routine economic activity. The Fuel NY initiative, which includes a Downstate Strategic Gasoline Reserve and backup generator programs for strategic retail motor fuel stations, is designed to mitigate fuel distribution disruptions. The intent of this solicitation is to expand the Fuel NY initiative to establish an Upstate Strategic Fuels Reserve (SFR), focused on ensuring fuel availability to emergency responder communities during a declared State energy emergency. The SFR will be designed to create physical reserves in approximately eight locations for the purpose of serving emergency responders in the various regions of Upstate NY. Use of the SFR will be as a supplement to market deliveries that are maintained during an emergency recovery.

This solicitation will seek services for fuel purchase, transportation to designated storage facilities, fuel storage, fuel management, sales and distribution, product insurance, and any other ancillary services. Reserve volumes are targeted for both regular grade finished motor gasoline (including ethanol) and diesel to serve regional first responder communities. Preferably, fuel will be stored and commingled with commercial supplies at existing terminal facilities that demonstrate high levels of resiliency and are accessible to areas of high demand and integrated into standard industry distribution practices. SFR operators will be asked to maintain and turn over the fuel components needed to provide regular grade finished motor gasoline (including ethanol) and diesel, as well as provide fuel that meets State and federal regulatory requirements for the market in which the fuel is stored and distributed. SFR operators assume all risk of loss with insurance costs reflected in the contract bid. SFR operators should demonstrate a level of resiliency to disruption, such as access to backup generation, and a demonstrated track record of robust operations, including rapid recovery to and resiliency from severe events and associated conditions such as flood, power loss, or other disruption risk. Proposed facilities must be geographically dispersed to serve localized emergency responder communities throughout the Upstate area. Proposers are also invited to advance proposals that provide minimum levels of fuel in various locations, but supplement these volumes from a larger reserve from a centrally located terminal. The solicitation may result in one or more awards being issued for the Upstate SFR.

This contract would be for one year, and may be extended into the future upon the determination of NYSERDA, working in conjunction with New York State. NYSERDA reserves the right to discontinue the program in whole or in part at any time.

Proposal Submission: Proposers must submit one (1) paper copy and one (1) CD of the proposal with a completed and signed Proposal Checklist attached to the front of the copy, which must contain an original signature. Proposals must be clearly labeled and submitted to:

Roseanne Viscusi, RFP 2965
NYS Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399

If you have technical questions concerning this solicitation, contact Matthew Milford at (518) 862-1090, ext. 3416 or mhm@nyserda.ny.gov. If you have contractual questions concerning this solicitation, contact Elsyda Ahmed at (518) 862-1090, ext. 3232 or ela@nyserda.ny.gov.

No communication intended to influence this procurement is permitted except by contacting Matthew Milford at (518) 862-1090, ext. 3416 or mhm@nyserda.ny.gov. Contacting anyone other than this Designated Contact (either directly by the proposer or indirectly through a lobbyist or other person acting on the proposer's behalf) in an attempt to influence the procurement: (1) may result in a proposer being deemed a non-responsible offerer, and (2) may result in the proposer not being awarded a contract.

*Late proposals will be returned. Incomplete proposals may be subject to disqualification. It is the bidder's responsibility to ensure that all pages have been included in the proposal. Faxed or e-mailed proposals will not be accepted. Proposals will not be accepted at any other NYSERDA location other than the address above. If changes are made to this solicitation, notification will be posted on NYSERDA's web site at www.nyserda.ny.gov.

I. Introduction: In an expansion of the Fuel NY Initiative, this RFP seeks to establish an Upstate SFR program that would create physical reserves of gasoline and diesel fuel at approximately eight geographic locations meeting the target reserve levels as shown below to serve localized emergency responder communities across Upstate NY. Target reserve levels are rounded estimates based on demand and current price levels and are subject to change due to price fluctuations in the cost of fuel components. The geographic locations include the following Upstate New York economic regions: Capital District (Albany Area), Central New York (Syracuse Area), Finger Lakes (Rochester Area), Mid-Hudson (Newburgh Area), Mohawk Valley (Utica/Rome Area), North Country (Plattsburgh/Watertown Area), Southern Tier (Binghamton Area), and Western New York (Buffalo Area). For a map of the regions including a list of counties by region, please see Attachment D: Upstate New York Strategic Fuels Reserve Regions. Proposers should identify the regions covered by their proposal and the corresponding terminal(s) in those regions where fuel will be stored. Proposals may also advance proposals that provide minimum levels of fuel in various locations, but supplement these volumes from a larger reserve from a centrally-located terminal.

Estimated size of Upstate SFR rounded to nearest 1,000 barrels (subject to change)		
Reserve by Region	Gasoline (bbl)	Diesel (bbl)
<i>Capital District (Albany Area)</i>	4,000	4,000
<i>Central (Syracuse Area)</i>	3,000	3,000
<i>Finger Lakes (Rochester Area)</i>	5,000	5,000
<i>Mid-Hudson (Newburgh Area)</i>	7,000	7,000
<i>Mohawk Valley (Utica/Rome Area)</i>	2,000	2,000
<i>North Country (Plattsburgh/Watertown Area)</i>	1,000	1,000
<i>Southern Tier (Binghamton Area)</i>	3,000	3,000
<i>Western (Buffalo Area)</i>	5,000	5,000
Total Upstate	30,000	30,000

Proposals should contain some or all of the following elements: fuel purchase, transportation to designated storage facilities, and storage, meeting target reserve levels as described above at terminal(s) in one or more of the eight geographic regions, for both regular grade finished motor gasoline (including ethanol) and diesel fuel. Additional services shall include, but are not limited to, wholesale fuel procurement and delivery to storage, fuel management, sales and distribution, product insurance, and any other ancillary services. Fuel will be stored and commingled with commercial supplies at existing terminal facilities that are accessible to areas of high demand and integrated into standard industry distribution practices. SFR operators will be asked to maintain and turn over the fuel components needed to provide a regular grade finished motor gasoline (including ethanol) and diesel in the event of a declared energy emergency that meets State and federal regulatory requirements for the market in which the fuel is stored and distributed. SFR terminals should demonstrate past and expected future resiliency to disruption, such as access to backup generation and a demonstrated track record of robust operations, including rapid recovery to and resiliency from severe events and associated conditions such as flood, power loss, or other disruption risk.

Proposals may be received from terminal owners and operators, wholesale fuel marketers, or any other entities that may be able to bundle all of the requirements listed above. Proposals may also be received from entities that can provide some but not all of the program requirements listed above, or that offer capacity to store only a portion of the requested fuel capacity or only a specific geographic region(s). Proposers may also describe how they could maintain minimal levels of physical reserve in regional locations but also provide for a more flexible reserve that would maintain higher volumes of fuels in strategic locations that could be easily transported to augment local SFR volumes if needed. Proposers may also discuss their ability to serve neighboring regions without sufficient storage capacity from a centrally located terminal. One or more contracts may be awarded for this solicitation.

II. Program Requirements Proposal should describe how the offerer will accomplish procurement, receipt, storage, quality control, compliance with seasonal specification, product rotation, inventory control, sale, delivery, inspection, product insurance, if any, and issues as described below.

1. Geographic Coverage

- a. Provide physical reserves of gasoline and diesel fuel meeting target levels at a terminal or terminals in one or more of the eight regions listed across Upstate NY. It is not required that any single proposal serve all eight regions of the Upstate SFR or both fuel types. Proposals may also be received from entities that can serve one or more of the eight regions or if only have capacity for one of the fuels required above. Responses from proposers that provide minimum levels of fuel in various locations, but supplement these volumes from a larger reserve from a centrally located terminal will also be considered. Further, proposers may choose to discuss their ability to serve neighboring regions from a centrally located terminal. Contract(s) may be awarded to one or more bidders or terminals.
2. Storage and Fuel Management Services
- a. Provide commingled storage of regular grade finished motor gasoline (including ethanol) and diesel fuel with commercial stocks for one year. Proposer should describe the relationship between their operating stocks and the SFR stocks including any potential impediment on terminal management or operations or displacement of other commercial storage activity. This contract will be for one year, but may be extended into the future upon the determination of NYSERDA working in conjunction with New York State. NYSERDA reserves the right to discontinue the program in whole or in part at any time during the contract period.
 - b. Contractor must maintain fuel at terminals and turn over the fuel components needed to provide a regular grade finished gasoline/ethanol blend and diesel fuel in the event of a declared energy emergency that meets State and federal regulatory requirements for the market in which the fuel is stored and distributed.
 - c. Contractor will be required to provide adequate product rotation to maintain quality of motor gasoline and diesel stored.
 - d. Motor gasoline and associated volumes of ethanol must be maintained according to the specifications contained in reference specifications from Colonial Pipeline A-Grade, fungible 87 Octane CBOB, (<http://www.colpipe.com/docs/default-source/product-specs/product-specifications-effective-may-5-2014.pdf?sfvrsn=22>).
 - e. Diesel fuel must be maintained according to specifications contained in reference specifications from Colonial Pipeline fungible Grade 62 Ultra Low Sulfur Diesel Fuel, (<http://www.colpipe.com/docs/default-source/product-specs/product-specifications-effective-may-5-2014.pdf?sfvrsn=22>).
 - f. Contractor will be required to provide New York State a full specification analysis of the product offered for storage at contract start and upon exercising any options to renew. New York State reserves the right to ask for full specification analysis at its discretion. Contractor shall provide reasonable access to New York State or designated representatives to assess all laboratory reports, testing and testing methods, as determined necessary by NYSERDA to verify quality and quantity of product stored.
 - g. Contractor will be required to provide periodic inventory certification to NYSERDA or its designee, signed by the terminal manager.
 - h. Contractor will be required to provide New York State with proof of the availability and performance of adequate backup generation facilities through testing and verification of equipment at regular intervals.

- i. Terminals at which SFR is stored must comply with best commercial practices and meet all industry standards for receipt, storage and issue of motor gasoline and diesel fuel.
 - j. Terminals at which SFR is stored must meet or exceed all local, state, and federal codes, laws, and regulations governing motor gasoline and diesel storage and handling, to include safety and environmental regulations.
 - k. Terminals at which SFR is stored assume all risk of loss. Terminals must maintain adequate insurance levels including pollution liability insurance.
 - l. The SFR must be available for issue at all times. During periods of seasonal turnover, proposers should describe how they will maintain SFR volumes while also drawing down and turning over fuels in anticipation of the changing seasonal fuel standard.
 - m. Terminals at which SFR is stored must be able to make fuel available for distribution on short notice by some combination of marine if available (barge or tanker), rail if available, or truck to emergency responder and government entities and other regional terminals or purchasers as requested.
 - n. SFR storage must supplement, not supplant, the private-market storage of contractors.
 - o. When notified by NYSERDA of the potential for a release, the contractors shall provide (a) information on its terminal facilities and respective inventories available for a sales offering, and (b) confirmation of current terminal readiness and capabilities to perform as stated.
3. Ancillary Services including product management, seasonal turnover, and sales and marketing.
- a. All costs to maintain the SFR at the terminal such as product rotation, seasonal turnover, blending, throughput, tank to tank transfers, product insurance etc. will be at the contractor's expense and included in the bid price.
 - b. Contractor must be able to arrange for product sales, including in-tank transfers, marine shipments (if available), rail (if available), and truck rack sales when requested by New York State during declared emergency events.
 - c. Procurement for New York State owned fuel. Services requested for purchasing and delivering components to produce regular grade finished gasoline (including ethanol) and diesel fuels at designated storage facilities including management and marketing services that include the offerer's ability to make bulk fuel purchases and sales on behalf of New York State, (i.e. fuel purchases and sales including seasonal turnover).
 - d. Assist NYSERDA with the allocation and verification process for the financial transactions and distribution of fuels to emergency responders, municipal, state, and other entities during a declared event. For the financial transactions and distribution of the Upstate SFR, county and local fuel suppliers, and other suppliers of emergency responders, will be solicited to be pre-qualified and enter into agreements with NYSERDA and the selected contractor(s) of the Upstate SFR including terminal access agreements. This will allow quick and efficient response to emergency responder needs during an emergency.

III. Proposal Requirements

1. Terminal Description: Offerer should provide a description of terminal(s) at which SFR will be stored, including name, emergency point of contact available 24/7, address and geographic region, storage capacity, marine, rail and/or pipeline connections, fuel types and volumes.

Confirm that the terminal meets or exceeds all local, state, and federal codes, laws, and regulations governing motor gasoline and diesel storage and handling, to include safety and environmental regulations. State whether the offerer is the owner and operator of the terminal(s) or if they would be contracting for storage services with the terminal(s).

2. **Provision of Services:** In a statement of work, a description of how offerer will provide storage, fuel rotation and throughput, product insurance and ancillary services described in Part II above as well as a timetable for implementation. The statement of work will include an explanation of how the SFR will supplement, not supplant, private-market capacity. The proposer may choose to describe, in detail, their ability to serve neighboring regions from a centrally-located terminal. This statement of work will also include an estimated timeline to implement the program described above and the length of time needed to make available fuel for distribution upon request from New York State in the event of a fuel emergency.
3. **Transportation Modes:** Offerer should provide a description of the inbound and outbound modes to move fuel during an emergency situation, as well as the capacity rates for each mode, including the number and capacity of truck loading racks.
4. **Resiliency:** Offerer should provide a description of access to terminal backup power generation and other resiliency measures to maintain operations during severe weather events or loss of power. Offerer should provide details as to the type of backup power generation capabilities including whether the facility has an installed transfer switch, on-site backup power generator, and/or any arrangements to have a generator delivered and installed in case of an emergency, including the amount of time required for those arrangements. This should also include a summary of how the terminal was affected by storms including Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee, including the impact and duration of outage.
5. **Costs:** Offerer should describe all fees relevant to offerer's proposed services, including, but not limited to:
 - a. Fuel procurement costs for the startup of the Upstate SFR based on New York Harbor spot market prices (in \$/gallon), transportation costs to storage terminal location, and relevant taxes and fees.
 - b. Annual services fees including
 - (1) Storage fees (\$/gallon/year)
 - (2) Terminal Throughput Fees
 - (i) Base Fees (gasoline throughput)
 - (ii) Blending Fees (ethanol)
 - (iii) Additive Fees (if applicable)
 - (3) Pipeline tariffs (if applicable, in accordance with FERC)
 - (4) Product insurance costs
 - (5) Management and Administrative Costs
 - c. Capital recovery fees (if new infrastructure is required)
 - d. Margin costs
 - e. Escalation rates for all of the costs above in the event the Pilot is extended beyond one year.
6. **Optional: References:** Customer references for whom the offerer has provided fuel storage and ancillary services in the past.

Proposers must submit the appropriate number of copies of the completed proposal to the attention of Roseanne Viscusi at the address on the front of this Request for Proposal. A completed and signed Proposal Checklist must be attached as the front cover of your proposal, one of which must contain an original signature. **Late proposals will be returned and proposals lacking the appropriate completed and signed Proposal Checklist may be returned. Faxed or e-mailed copies will not be accepted.**

Procurement Lobbying Requirements - State Finance Law sections 139-j and 139-k

Procurement lobbying requirements contained in State Finance Law sections 139-j and 139-k became effective on January 1, 2006. (The text of the laws is available at: <http://www.ogs.ny.gov/aboutogs/regulations/advisoryCouncil/StatutoryReferences.html>). In compliance with §139-j and §139-k of the State Finance Law, for proposals submitted in response to this solicitation that could result in agreements with an annual estimated value in excess of \$15,000, additional forms must be completed and filed with proposals: (1) a signed copy of the Proposal Checklist including required certifications under the State Finance Law and (2) a completed Disclosure of Prior Findings of Non-Responsibility form. Failure to include a signed copy of the Proposal Checklist referenced in this solicitation will disqualify your proposal.

Proposals should not be excessively long or submitted in an elaborate format that includes expensive binders or graphics. Unnecessary attachments beyond those sufficient to present a complete, comprehensive, and effective response will not influence the evaluation of the proposal. Each page of the proposal should state the name of the proposer, the RFP number, and the page number.

IV. Proposal Evaluation

Proposals that meet Proposal Requirements will be reviewed by a Technical Evaluation Panel (TEP) using the Evaluation Criteria below (in no particular order of importance):

1. Geographic coverage. Number of Upstate regions covered by terminals at multiple geographic locations. (e.g. separate terminals in Albany (Capital District), Syracuse (Central), Rochester (Finger Lakes), and Buffalo (Western)). Terminal location(s) should be close enough to target market that supplies can be economically provided by truck.
2. Demonstration that proposed storage will not supplant historic storage and that it will be incremental to typical storage levels.
3. Diversified and resilient means of receiving and shipping fuels during emergency events including pipelines, marine, rail, or truck. Delivery rates for each will be considered.
4. Demonstrated level of integration into traditional commercial fuel movements including sufficient throughput to support adequate product rotation. Potential customers for the SFR should have experience taking supplies from SFR terminals to serve the target market.
5. Physical protection from flooding, wind, or other factors that could lead to interrupted service. May include physical elevation, access to and adequacy of back-up generation, insulated, protected, or otherwise hardened electrical and other facility equipment. Demonstrated track record of robust operations, rapid recovery, and resiliency in the course of severe events or other disruption risk. Demonstrate best practices regarding security and emergency response including 24/7 emergency contact information.

6. Demonstrated track record of product quality maintenance and other services requested in this RFP.
7. Storage tank availability and capacity to procure gasoline (including ethanol) and diesel fuels and implement the SFR in the near term.
8. Robust insurance coverage including pollution liability insurance.
9. Ability to bundle services into all in one package.
10. Cost effectiveness and competitiveness of proposal.

V. GENERAL CONDITIONS

Proprietary Information - Careful consideration should be given before confidential information is submitted to NYSERDA as part of your proposal. Review should include whether it is critical for evaluating a proposal, 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 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 that the proposer 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://www.nyserda.ny.gov/About/-/media/Files/About/Contact/NYSERDA-Regulations.ashx>. However, NYSERDA cannot guarantee the confidentiality of any information submitted.

Omnibus Procurement Act of 1992 - It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority- and women-owned business enterprises, as bidders, subcontractors, and suppliers on its procurement Agreements.

Information on the availability of New York subcontractors and suppliers is available from:

Empire State Development
Division For Small Business
625 Broadway
Albany, NY 12207

A directory of certified minority- and women-owned business enterprises is available from:

Empire State Development
Minority and Women's Business Development Division
625 Broadway
Albany, NY 12207

State Finance Law sections 139-j and 139-k - NYSERDA is required to comply with State Finance Law sections 139-j and 139-k. These provisions contain procurement lobbying requirements which can be found at <http://www.ogs.ny.gov/aboutogs/regulations/advisoryCouncil/StatutoryReferences.html>. The attached Proposal Checklist calls for a signature certifying that the proposer will comply with State Finance Law sections 139-j and 139-k and the Disclosure of Prior Findings of Non-responsibility form includes a disclosure statement regarding whether the proposer has been found non-responsible under section 139-j of the State Finance Law within the previous four years.

Tax Law Section 5-a - NYSERDA is required to comply with the provisions of Tax Law Section 5-a, which requires a prospective contractor, prior to entering an agreement with NYSERDA having a value in excess of \$100,000, to certify to the Department of Taxation and Finance (the "Department") whether the contractor, its affiliates, its subcontractors and the affiliates of its subcontractors have registered with the Department to collect New York State and local sales and compensating use taxes. The Department has created a form to allow a prospective contractor to readily make such certification. *See*, ST-220-TD (available at http://www.tax.ny.gov/pdf/current_forms/st/st220td_fill_in.pdf).

Prior to contracting with NYSERDA, the prospective contractor must also certify to NYSERDA whether it has filed such certification with the Department. The Department has created a second form that must be completed by a prospective contractor prior to contacting and filed with NYSERDA. *See*, ST-220-CA (available at http://www.tax.ny.gov/pdf/current_forms/st/st220ca_fill_in.pdf). The Department has developed guidance for contractors which is available at <http://www.tax.ny.gov/pdf/publications/sales/pub223.pdf>.

Contract Award - NYSERDA anticipates making one or more awards under this solicitation. It may award a contract based on initial applications without discussion, or following limited discussion or negotiations pertaining to the Statement of Work. Each offer should be submitted using the most favorable cost and technical terms. NYSERDA may request additional data or material to support applications. Proposers should keep in mind that acceptance of all standard terms and conditions will generally result in a more expedited contracting process. The Sample Agreement will apply to successful proposals. However, the ultimate terms and conditions for any successful proposal may vary depending on the nature of proposal received in order to accommodate industry standards and the unique services being procured. NYSERDA reserves the right to limit any negotiations to exceptions to standard terms and conditions in the Sample Agreement to those specifically identified in the submitted proposal (see Proposal Checklist). NYSERDA expects to notify proposers in approximately (4) weeks from the proposal due date whether your proposal has been selected to receive an award. NYSERDA may decline to contract with awardees that are delinquent with respect to any obligation under any previous or active NYSERDA agreement.

Limitation - This solicitation does not commit NYSERDA to award a contract, pay any costs incurred in preparing a proposal, or to procure or contract for services or supplies. NYSERDA reserves the right to accept or reject any or all proposals received, to negotiate with all qualified sources, or to cancel in part or in its entirety the solicitation when it is in NYSERDA's best interest. NYSERDA reserves the right to

reject proposals based on the nature and number of any exceptions taken to the standard terms and conditions of the Sample Agreement.

Disclosure Requirement - The proposer shall disclose any indictment for any alleged felony, or any conviction for a felony within the past five years, under the laws of the United States or any state or territory of the United States, and shall describe circumstances for each. When a proposer is an association, partnership, corporation, or other organization, this disclosure requirement includes the organization and its officers, partners, and directors or members of any similarly governing body. If an indictment or conviction should come to the attention of NYSERDA after the award of a contract, NYSERDA may exercise its stop-work right pending further investigation, or terminate the agreement; the contractor may be subject to penalties for violation of any law which may apply in the particular circumstances. Proposers must also disclose if they have ever been debarred or suspended by any agency of the U.S. Government or the New York State Department of Labor.

VI. Attachments:

- Attachment A: Proposal Checklist
- Attachment B: Disclosure of Prior Findings of Non-Responsibility
- Attachment C: Cost Proposal Form
- Attachment D: Upstate New York Strategic Fuels Reserve Regions
- Attachment E: Sample Agreement