Addendum #1

RFB Number: UMAPP16-033
Title: RFB Liquefied Natural Gas

The attention of the bidders submitting proposals for UMAPP16-033 is called to the following addendum to the specifications and drawings. The items set forth herein, whether of omission, addition, substitution, or clarifications, are all to be included in and form a part of the proposal submitted.

The number of this Addendum (1) must be referenced on the proposal.

NOTE: The bid opening date as posted in the Goods & Services has changed from responses due May 11, 2016 TO: May 12, 2016 time and place remain the same

Attached are the questions and answers.

End of Addendum #1

John O. Martin
Director of Procurement
1. Does Massachusetts Employment Security Law apply to you or a subcontractor if you are outside of Massachusetts? (We are checking with our in-house legal team as well).
   
   If your company or subcontractor business is outside Massachusetts this would apply.

2. If we utilize third party truck services for our LNG, are the trucking companies viewed as contractors or subcontractors?

   Subcontractor

3. Acknowledgement of all addenda received- is there anything besides RFB with accompanying appendices A through C, plus answers to questions which will be provided by written addendum?

   Currently this consists of the answers to submitted questions, although there could be further addenda should any corrections or clarifications be necessary.

4. As mentioned on page 7, what is the University’s Hazardous Materials Delivery Procedure?

   See attached

5. Would you please confirm that all information provided to UMass will be held in strict confidence?

   No the University is held to the Public request laws of Massachusetts

6. Would you please explain further why contact persons and information are needed for projects other than those that are references?

   The RFB requests a representative and contact information for the purpose of comprehensiveness in the description of prior projects.

7. Is UMass making a firm commitment for a firm quantity of LNG to be taken over each winter period, and expecting to assume damages for quantity deficiencies? Suppliers are being asked to provide firm supply with damages for non-performance.

   UMass may opt for a firm commitment structure, depending on how suppliers respond with pricing. The monthly volumes in the RFB are projected totals based on historical usage. In the past, UMass has committed to a firm load per month for a portion of total projected usage. Suppliers can submit pricing assuming a percentage of those totals can be considered “firm.” For example, a fixed $/MMBTU if UMass committed to 60%, 70%, or 80% of RFB volumes, and a floating/index price for any volumes over the firm volumes in each month.

8. What are the daily offload hours at the facility? Is there flexibility?

   Between 07:00 and 15:00. Flexibility requires scheduling – Sometimes at added cost to the University - we do everything we can to hold to the normal delivery hours.

9. Does UMass plan to receive deliveries 7 days per week?

   Not normally - Understanding that in extremely cold weather this will be necessary to maintain inventory.

10. Will the drivers be expected to off-load the trailer, and also manage the storage while doing so?
Yes the driver will be expected to manage all valves on their truck and stay with the truck until the delivery is completed. UMASS employees will operated the University equipment and will also man the university’s equipment until the delivery is complete.

11. How much notice will UMass provide when submitting a nomination?

UMASS will submit a 7 day forecast twice a week, based on the current weather forecast. UMASS will make up-date this forecast as need throughout the week.

12. Can the LNG supplier monitor inventory remotely?

Not currently available but, open to discussion on this.

13. Will UMass consider a multi-fuel agreement (supplier provides both ULSD and LNG)?

UMass currently has a ULSD contract for this winter which was secured through an RFB process.

14. In any year, do you expect to need more than the estimated 225,000 MMBtu of Annual Contract Quantity?

Monthly volumes in the RFB are projected totals based on historical usage and closely resemble winter 2014-15 actual usage. They assume a typical heating degree day winter. Demand could exceed 225,000 MMBTU if weather is colder than normal.

15. It is understood that the LNG supply estimates are for volumes above the Berkshire pipeline gas. Would you please confirm if this usage is a prediction based on average historic volumes needed above the pipeline gas or if it’s your maximum predicted peak need.

225,000 MMBTU is the projected total demand for an average winter and not a maximum.

16. What is the desired maximum monthly quantity (MMQ) UMASS will have the right to take under this agreement? (Note the higher it is sized, the higher the reservation cost for the seller might be). Is it 80,400 MMBtu which would be January at 67,292 MMBtu + 20% or maybe something even greater? UMass would accept a structure in which a portion of the RFB volumes are “firm,” that is, where both the supplier and UMass are committed to deliver and take a certain volume, which is likely not to exceed 80% of RFB volumes. UMass cannot commit to taking volumes greater than the RFB volumes. Suppliers can submit bids corresponding to various percentages of RFB volumes being “firm” for both parties and a floating price for volumes above the firm volumes, to be delivered at the option of both parties.

17. Does UMASS envision shaped MMQ’s similar to the projected demand by month or is some extra % flexibility desired? If so please specify what UMASS would be comfortable with as shaped MMQs?

UMass prefers a structure with firm volumes and non-firm volumes instead of paying a reservation fee based on maximum monthly quantities that may or may not be met.

18. Regarding the request to carry over 20% of the firm contract volume for each month, is that 20% of the prior month’s estimated volume or 20% of the annual contract quantity (ACQ)? For example, is it
20% of November 17,338 MMBtu with 3,468 MMBtu carried over to December or is it 20% of the pro-rated ACQ at ~225,000/6 months = 37,500 MMBtu carried over.

This refers to 20% of mutually agreed upon firm volumes. For example, if UMass committed to a firm volume of 54,000 MMBTU for January. If usage for that month totaled 40,000 MMBTU, 10,800 MMBTU would carryover to February and 3,200 MMBTU would be take-or-pay.

19. Regarding the request to carry over 20% to the next month, is there carry over to May or does the service end in April?

April is the final month of any winter period that UMass can use any carryovers.

20. UMass reserves the right to split the award among more than one vendor. Is that a different vendor for each year or do you envision to have more than one vendor in a 6 month annual term?

This could take the structure of dividing the supply and transportation award or selecting one supplier for baseload volumes and another supplier for peaking volumes. As far as contract terms, the RFP is for winter 2016-17 with the option to renew with the vendors that won in the initial RFP.

21. Will you sign multiple contracts with LNG vendors for the same time period and anticipated volumes or is the intent to sign one contract with one vendor per time period.

Multiple vendors for one time period is a possibility depending on vendor bids received. For example, if the lowest $/MMBTU bid could not serve the entire demand each month, a second vendor could be selected to fill the remaining volumes.

22. Is the facility still able to burn ULSD in lieu of LNG or pipeline gas?

Only the 3 package boilers are dual-fuel with NG and ULSD. Please see below.

23. If the facility can still burn ULSD, will you call on this gas economically (price arbitrage vs. ULSD) or operationally (for reliability). In other words, is the intent to use pipeline gas or LNG even if ULSD is less expensive?

Because UMass relies on a heat recovery steam generator equipped with a duct burner which is natural gas-only, the decision to burn ULSD or NG/LNG is not solely based on price. UMass intends to keep the duct burner on pipeline NG or LNG throughout the winter.

24. How are tank levels monitored and how often?

They will be monitored from the control room at the CHP continuously.

25. Will the supplier be responsible for determining when to refill or will UMass. If UMass, how will truck refill requests ordered (phone, fax, e-mail?) If the supplier, how does the supplier receive tank information.

Please see below.

26. What is the minimum lead time UMass expects/needs from order to delivery date? Related to this, what should we have as Call Notice time in the agreement? How many days above the minimum lead time are to be expected.
Under the current process, UMass submits projected weekly LNG demand twice a week, 7 days in advance. The projections are by # of trucks per day based on HDD forecasts. Actual scheduling will heavily depend on where the LNG is being supplied from.

27. What is your expected and/or desired maximum trucks per day? (or MDQ?) (Note the higher it is sized, the higher the reservation opportunity cost for the seller normally is).

Historically, the peak demand has been 4 trucks in one day without on-site storage. Going forward UMass will have 54,000 gallons (~4,500 MMBTU) of onsite storage, which will give them some flexibility in the scheduling of trucks for peak days.

28. Do you expect deliveries over the weekends or will you seek to schedule them Monday through Friday?

Normal delivery hours are Mon – Fri, between 07:00 and 15:00. Understanding that in extremely cold weather it will likely be necessary to take delivery outside of the normal delivery hours to maintain inventory.

29. Are there any unloading time restrictions?

Yes – Hours as noted – Notification to the CHP control room – follow the University’s Hazardous Materials Delivery Procedure and the delivery route traveled to the facility - The delivery route to UMA must be Interstate 91 to Route 9 East to Route 116 North.

30. Are all three pricing structures required or can we choose one?

The pricing structures are suggestions that would give UMass a basis to compare amongst bids. UMass prefers if bids adhered to one of the suggested structures. It is not required for vendors to submit more than 1 structure.

31. If all three pricing structures are required, which is the preferred? A, B, or C?

No structure is preferred over the others.

32. In the price structure, Can the seller specify a % of the Index? For example, 115% or NYMEX Henry Hub or is only the Adder allowed? If yes, how can Seller input this in the system?

UMass prefers that vendors match the suggested structures as much as possible in order to assist with comparing bids.

33. Can the pricing include a demand charge (reservation charge) for the estimated volumes? If yes, where do we enter that into the system to distinguish the demand/reservation charge from the commodity charge and the commodity adder?

Please see above and below.

34. If there is no Demand/reservation charge, would you be comfortable to establish a minimum take quantity for the year or some other take or pay mechanism for portion of the Annual quantity? (Min take requirement?) If yes, what minimum quantity would you agree to take assuming the annual contract quantity of 225,000?
Yes, vendors may submit bids corresponding to various minimum (firm) volumes for each month. Firm commitments are likely to be in the range of 60-80% of RFP volumes.

35. If there is No demand/reservation charge and/or No minimum take requirement, should we assume that the structure UMASS is seeking is a Requirements contract up to the ACQ, so that UMASS will be required (up to the Annual contract quantity) to always buy from a single supplier any quantity of LNG required for delivery during the contract term to the UMASS LNG storage?

No, this will depend on the ability of vendors to serve the entire contract volume. If the least-cost vendor could not serve the entire volume, it is possible that UMass could choose one supplier for a baseload volume and another for peaking volumes.

36. Can you please fix the link to the UMASS contract? We went to review it and the link is busted.

http://www.umass.edu/procurement/Fill-In_Forms/formindex.htm

37. Could another contract be used instead of the UMass agreement? We have an existing industry standard NAESB gas contract already in effect with the University (which is preferred) and would expedite the process should we be selected.

No

38. How is UMASS envisioning the structure of the potential 2 annual renewals?

i. Buyer’s only right to renew (buyer holds a renewal option) at a predetermined price structure in the contract signed now.
ii. By certain time, Buyer and Seller have to discuss and try to mutually agree to a price for following year.
iii. Renewed automatically at a predetermined price in the contract signed now, unless it is cancelled by either one of the parties by certain time.

#2 above. Parties would set a date after the winter period to review processes and performance. If parties come to mutually agreed upon price and terms, both would exercise the option to renew.

39. Aside from price, what are the most important decision factors for UMass? Can you rank them in order of importance?

Price is most significant. Other factors to be considered include, in no particular order: references, ability to perform based on bid response and prior project experience, scheduling process and flexibility.

40. Will UMass have a plant operator present during offloading?

Yes

41. Who will be in charge of offloading the trailer and operation of the offload pump?

UMASS employees will operate the pump.
42. If the transporter is responsible for the operation of the offload pump, who will be training the drivers in the proper use/operation of the pump?

N/A – But some training will be required and provided

43. II SCOPE AND TERM OF CONTRACT UNDER LETTER “A” SCOPE ITEM “2” LETTER “D” (PG. 7): Trucks and or equipment shall not exceed American Association of State Highway Transportation Officials (AASHTO) H-20 loadings. How does that translate to our Gross Vehicle Weight when fully laden? The references we have found define AASHTO H-20 as a truck axle loading of 32,000 lbs. or a wheel loading of 12,000 lbs. If we were to comply with this we could not exceed 76,000 GVW

Transporters must abide by all federal and state highway safety requirements applicable to Massachusetts, the origin state of the LNG, and all states through which LNG is being transported.

44. #3 on page 4: LNG vapor: vapor must be collected back into the truck and vented offsite. With no venting permitted, what is the expected pressure of the trailers when empty? If the pressure is greater than 50psi, where is the designated area that UMass plans for the carrier to vent excess pressure prior to returning to their terminal?

No venting is permitted on campus... UMASS has not been involved in managing this process. The contractor will have to work thought this.

45. UNDER B. ADDITIONAL CONSIDERATIONS FOR VENDORS _2 (PAGE 7) "No purging or venting of tanks will be allowed. All breathing transfers and working losses(sic) of tanks, trucks, hoses or other equipment shall be 100% captured" Does this apply to the trycocks and hose drains?

No detectable gas to be released.

End of Addendum 1 questions and responses.

John O. Martin
Director of Procurement