

THE PORT AUTHORITY OF NY & NJ
PROCUREMENT DEPARTMENT
2 MONTGOMERY STREET, 3RD FLOOR
JERSEY CITY, NJ 07302
ATTN: BID CUSTODIAN

REQUEST FOR INFORMATION

DATE ISSUED: MAY 8, 2014

**TITLE: REQUEST FOR INFORMATION FOR REPLACEMENT,
REHABILITATION OR REDESIGN OF THE
COGENERATION PLANT AND RELATED
INFRASTRUCTURE AT JOHN F. KENNEDY
INTERNATIONAL AIRPORT**

NUMBER: 37799

**SUBMIT RESPONSE BEFORE THE BELOW DUE DATE AND TIME TO THE ABOVE
ADDRESS**

FACILITY INSPECTION:	JUNE 5, 2014	TIME: 10:00 AM
QUESTIONS DUE BY:	JUNE 10, 2014	TIME: 2:00 PM
RESPONSE DUE DATE:	JUNE 26, 2014	TIME: 2:00 PM

CONTACT PERSON: MR. RICHARD A. GREHL
OFFICE: 201-395-3441
E-MAIL: rgrehl@panynj.gov

REQUEST FOR INFORMATION FOR REPLACEMENT, REHABILITATION OR REDESIGN OF THE COGENERATION PLANT AND RELATED INFRASTRUCTURE AT JOHN F. KENNEDY INTERNATIONAL AIRPORT

1.0 Description

1.1 The Port Authority of New York and New Jersey, hereinafter referred to as the “Authority”, hereby invites you to submit information regarding the operation, maintenance, asset management and (optional) Public Private Partnership related to an electric/thermal energy generating system, currently a cogeneration facility and central heating and refrigeration plant, and related infrastructure (the “Plant”) at John F. Kennedy International Airport (the “Airport”).

In addition to a continuation of the current energy generating solution and business model as summarized below, the Airport encourages potential respondents (“Responders”) to recommend creative alternatives that may be different from the current configuration. These alternatives can include, but are not limited to: a central cogeneration facility with a direct connection to the Airport, allowing it to meet some or all of its electric load; multiple distributed resources to meet Airport electric and thermal needs, rather than a large, central plant; incorporating renewable resources, energy storage and/or microgrids; a system sized to meet Airport needs, multiple systems sized to meet Airport needs, or a system sized to exceed Airport needs and, possibly, serve portions of the community surrounding the Airport. All responses must, however, address how the Airport’s full energy requirements will be met. As an example, if the recommendation is that cogeneration be abandoned in favor of building a new central heating and refrigeration plant, then it must be identified if the expectation is that the Airport would then seek electricity supply from the local utility/other supplier. The Plant is presently operated as a public-private partnership, and the Authority would consider entering into another public-private partnership.

Responders should, to the extent practicable, present a high-level view of the expected economics of the recommended solution, the assumptions upon which those economics are based, and any capital contributions that might be required from the Authority or another entity to make the project economics work. The Proposer should describe how it is qualified to implement its proposed solution, and identify, as appropriate, any strategic partners required to implement the solution in full.

1.3 THIS IS A REQUEST FOR INFORMATION (RFI) ONLY. This RFI is issued solely for information and planning purposes – it does not constitute a Request for Proposal (RFP) or a promise to issue an RFP in the future. This request for information does not commit the Authority to contract for any supply or service whatsoever. Further, the Authority is not at this time seeking proposals and will not accept unsolicited proposals. Responders are advised that the Authority will not pay for any information or administrative costs incurred in response to this RFI; all costs associated with responding to this RFI will be solely at the interested party’s expense. Not responding to this RFI does not preclude participation in any future RFP, if any is issued. If a solicitation is released, it will be advertised on the Authority’s website at <http://www.panynj.gov/business-opportunities/>. It is the responsibility of the Responder to monitor this site for such possible future solicitation.

- 1.4 Facility Inspection. Location JFK Building 14 on June 5, 2014, 10:00AM-1:00PM. Please RSVP by June 3, 2014 to Jim Steven at jsteven@panynj.gov. Directions are as follows:

Coordinates: 40.652173, -73.808294

1. Take Van Wyck Expressway State Rd W
2. Merge right towards JFK airport
3. Take first exit after Federal Circle on the right for Port Authority of NY & NJ Administration Bldg. 14.
4. Destination on right side of the road

2.0 Background

The Port Authority is an agency of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. It is charged with providing transportation, terminal and other facilities of trade and commerce within the Port District. The Port District comprises an area of about 1,500 square miles in both States, centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, and the cities of Newark, Jersey City, Bayonne, Hoboken and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States. The Port Authority manages and/or operates all of the region's major commercial airports (Newark Liberty International, John F. Kennedy International, Teterboro, LaGuardia and Stewart International Airports), marine terminals in both New Jersey and New York (Port Newark and Elizabeth, Howland Hook and Brooklyn Piers); and its interstate tunnels and bridges (the Lincoln and Holland Tunnels; the George Washington, Bayonne, and Goethals Bridges; and the Outerbridge Crossing), which are vital "Gateways to the Nation."

The Port Authority is a financially self-supporting public agency that receives no tax revenues from any state or local jurisdiction and has no power to tax. The revenues of the Port Authority are derived principally from the tolls, fares, landing and dockage fees, rentals and other charges for the use of, and privileges at, certain of the Port Authority's facilities.

The Authority currently leases the Plant to KIAC Partners ("KIAC"), a partnership wholly-owned by the Calpine Corporation ("Calpine"), pursuant to a long-term lease agreement between the Authority and KIAC ("KIAC Lease") where KIAC is currently providing operation, maintenance and asset management services. The KIAC Lease will expire on January 31, 2020. The Authority is seeking an operator/developer to replace or rehabilitate or redesign, as well as operate and maintain the Plant for a new term to start on February 1, 2020 and end on or about January 31, 2040.

Currently, KIAC is responsible for the operation and maintenance of the Plant, and for supplying all the electricity requirements to the whole Airport as well as the requirements for thermal energy to heat and cool the Airport's Central Terminal Area buildings. The Plant provides the Authority with electricity in the form of sold electricity, and hot and chilled water for the Authority's own consumption and for resale to Airport tenants of the Authority. The current

business model features an energy purchase agreement with the Authority for electricity and thermal energy required by the Airport. Excess electricity is sold into the deregulated electricity market. The Authority currently sub-meters and sub-bills Airport tenants for electricity and thermal energy purchased from the Plant, however, the Authority would welcome proposals wherein tenants are directly billed by the operator/developer.

The direct-buried distribution system to provide hot and chilled water for the Authority's own consumption] and resale to Airport tenants of the Authority's thermal distribution system ("TDS") is near the end of its life and requires a significant overhaul to enable continued service for at least another twenty (20) years. The Authority is currently evaluating options as to whether/how the investment will be made to overhaul the TDS. Responders may identify solutions/technologies for replacing the TDS, and should express if it is interested in leasing the TDS as part of a possible future Public Private Partnership agreement.

The Responder must identify how much, if any, of the current design and business model should be kept, however any proposed solution must accommodate for the full electric and thermal needs of the Airport. Responders are encouraged to provide alternative business models that, in their experience, would comparatively best serve the Airport. The Airport is looking for innovative solutions that will position the Airport to operate more efficiently, economically and improve resiliency, as it relates to electricity and thermal needs. The existing business model may be outdated as it was implemented twenty years ago, and therefore the so the Authority is interested in building a business model that is in line with current market conditions, business practices, and technologies. Responders should demonstrate, however, that the recommended solution and business model have proven operational success.

2.1 Plant Description:

The Plant is located at the Airport and operates 24 hours a day, 7 days a week. The facilities comprising the Plant consist principally of: (i) a 107 MW natural gas-fired cogeneration facility (the "Cogeneration Facility"), which is composed principally of two identical General Electric LM 6000 combustion turbine generator sets, two heat recovery steam generators and a General Electric steam turbine generator; (ii) central heating and refrigeration plant (the "CHRP"), which includes one 6,000-ton centrifugal chiller, five 1,400-ton steam absorption chillers, four 1,000 ton centrifugal chillers, one 5,500-ton centrifugal chiller, and one 5,500-ton chiller for standby service, three heat exchangers and associated pumps with 50% spare capacity for a design heating capacity of 250 million British thermal units ("MMBtu") per hour ("MMBtu/hr"), and six hot water generators for standby capacity of 225 MMBtu/hr; (iii) a TDS, which includes approximately 30,000 feet of medium temperature water supply and return piping and a chilled water distribution system; and (iv) electricity and fuel interconnections. The CHRP is normally powered by steam and electricity from the Cogeneration Facility, and has redundant electric chillers.

The thermal energy is distributed through the TDS to the Central Terminal Area buildings at the Airport in the form of chilled and medium temperature water produced by the CHRP.

The net electric power output is delivered into the Consolidated Edison ("Con Ed") transmission grid via a 138kv feeder to Con Ed's Jamaica Substation. The electricity required for on-Airport

use (approximately 60 MW at current peak) is returned to the Airport via five other substations on the grid. Any excess plant electric output is available for sale to non-Airport users.

There are currently two (2) agreements between KIAC and Con Ed governing the interconnection to the Con Ed grid and the delivery of power from Con Ed to the Airport via the grid. There is also an agreement between the New York Power Authority (NYPA), the former Airport power supplier, and the Authority governing the provision of back up and supplemental power to the Airport. The operator/developer will be responsible for managing all such agreements, as applicable, and with the applicable parties, as well as relationships with outside entities such as the New York Independent System Operator (“NYISO”).

The installed net capacity of the Plant is currently 110% of the total net planned output capacity of 97 MW. An additional bay is available for the installation of a third combustion turbine; however, any expansion of generation capacity may affect certain exemptions and qualifying status granted to the Plant. The Federal Energy Regulatory Commission (FERC) certified the Plant as a qualifying facility on September 28, 1992. It is believed that the Plant continues to meet current requirements for status as a qualifying facility (“QF”).

The United States Environmental Protection Agency (EPA) determined that the Plant is not an affected source under the Acid Rain Program on February 11, 1999. At the time, the EPA noted that the Plant may become an affected source if it does not continue to meet the requirements of 40 CFR 72.6(b)(5). Further discussions with the FERC and the EPA will be needed in order to determine if the Plant’s qualifying status and exemption under the Acid Rain Program will continue under a new energy purchase agreement and/or a third turbine installation.

Construction and development of the Plant were financed by a combination of Authority-issued special project bonds and developer equity contributions. The debt service on the Authority bonds is paid through lease rental payments from the operator/developer to the Authority. Substantially all of the developer’s assets and contracts serve as collateral for the Authority-issued bonds.

All of the background information both in this section and throughout the document is provided for Responders to better understand the current operation of the Plant, but it should not be presumed that this current configuration will/should persist since some of the relationships among the parties pre-dated the deregulation of the electricity market in New York State, and are, therefore, not congruent with current market conditions. Responders should identify and consider all regulatory and contracting issues related to the solutions advanced in their responses.

3.0 Requested Information

Please provide an overview of your firm’s qualifications in developing, designing, constructing, financing, permitting and operating the solution recommended. Strategic partners and the relevant qualifications of those partners must be identified, as applicable. The Authority is interested in a turn-key solution, so responses should reflect that understanding.

Response format:

The Respondent is requested to organize the response as follows:

- Cover page, including vendor's name and RFI number/title.
- Letter of Transmittal containing:
 - i. Name, address, company website URL
 - ii. Contact information (name, title, email, telephone and fax numbers) of the individual who shall act as the Respondent's contact with the Authority for further information requests and future solicitations. In addition, at any time after the opening of the RFI submittals, the Port Authority may request additional information relating to the Respondent's qualifications and will use this individual as the point of contact for these queries.
 - iii. Attachment A: Agreement on Terms of Discussion
- Executive Summary.
- Response to all items listed immediately below:
 - summary of your firm's background and experience with energy projects of the sort proposed -- please do not submit only standard marketing material;
 - detailed description of the proposed system design, both electrical and thermal, including all technologies to be implemented, integration of systems, and required controls;
 - detailed description of the proposed technical approach to be taken in operating and maintaining the Plant;
 - detailed description of the business model for the proposed solution – please include all financing mechanisms, necessary contracts and expected counterparties
 - estimated cost of implementing the proposed solution and project economics, expected revenue streams (from contractual arrangements and merchant activity) and, if applicable, expected capital contributions;
 - descriptions of similar projects/solutions implemented by the Responder and partners;
 - years in business of all relevant parties (Responder and strategic partners);
 - financial capacity of all relevant parties (Responder and strategic partners);
 - the relative merits of the recommended solution over the existing Plant configuration, including comparative efficiency, economics and resiliency features of the alternative configurations.
 - Any additional services and benefits that the vendor can offer that are above and beyond those specified in this RFI.

The Authority encourages Responders not to be limited by the current business model. This is a unique opportunity to redesign the current configuration.

The Responders may also suggest how incentives or financing programs can be leveraged (e.g. grant or loan guarantee programs) to enhance the economics of the recommended solution. Please consider how an application for such opportunities would be structured, for example, which entity would be lead applicant, should the award be assigned to the developer, etc.

For consideration in responses:

Once the responses to this RFI are evaluated, the Authority may issue an RFP that may be based on the existing business model or based on alternative business models that are suggested in the responses to this RFI or take advantage of recent technology or alternative business configurations. For the purpose of responding to this RFI, the Authority encourages Responders to review the considerations below, which were developed in the context of current operations, and identify how these considerations will be addressed or how they would change under your recommended solution. It should be noted that, given current capital constraints, the Authority would consider another form of Public Private Partnership, however, this RFI aims to consider a range of possible business arrangements. The elements of two such arrangements, the Asset Management and Public Private Partnership models, are detailed below, for the purposes of illustration, but Responders are encouraged to describe others, as may be appropriate.

Asset Management

1. Procure and arrange for the delivery of natural gas, Jet A fuel and or other fuels as required to operate the Plant;
2. Balance the production of electric power with the required delivery of thermal products to the Airport. Limited capabilities exist to serve the thermal load of the Airport without generating electric power. Evaluate the optimal dispatch of the Plant during any given time period and have the ability to recommend physical/operational changes to the Plant to enhance its economic performance without compromising safety and reliability;
3. Provide all functions associated with the New York Independent System Operator (“NYISO”);
4. Prepare monthly bills for all energy sales to the Authority for electric and thermal products in accordance with existing agreements and pricing schedules, as well as, possibly, direct billing to Authority tenants.
5. Operate and maintain the Plant, in accordance with prudent engineering and operating practices.
6. Comply in all material respects with the requirements of relevant counterparties, such as the local utility, and with the NYISO and other applicable regulatory bodies.

Public Private Partnership

If the Responder is interested in a Public Private Partnership arrangement , it should provide information related to the following associated responsibilities:

1. Be responsible for the financial implications of procuring all fuel for the production of electricity and or production of thermal products;
2. Be financially responsible for any and all capital expenditures associated with the Plant for the term of the lease;
3. Be responsible for the financial implications of all contractual agreements with relevant parties, such as, New York Power Authority, Con Edison and the NYISO; and, in return for assuming such financial responsibilities, receive revenues from the sale of energy products over a long-term contract, or other compensation, or the Authority would pay a fee that will cover the services for the operation, maintenance and asset management as illustrated by the activities aforementioned.

4.0 Submission of Information

Each Respondent shall submit one (1) original hard copy clearly marked, as such, and five (5) hard copies and six (6) compact discs of its response to this RFI.

If your response is to be delivered by messenger, please note that only individuals with proper identification (e.g., photo identification) will be permitted access to the Port Authority's offices.

5.0 Questions

Any questions by prospective respondents concerning this RFI shall be addressed to the contact person listed on the cover page. Questions will be answered via an addendum and posted to the Authority's website at www.panynj.gov. Interested parties are invited to become a registered vendor with the Authority at <http://www.panynj.gov/business-opportunities/become-vendor.html>.

6.0 Conference

At any time after the receipt of responses, the Respondent may be asked to attend an informal discussion conference with staff of the Authority regarding further clarification of the response and/or additional information. To facilitate the free flow and exchange of ideas and information, it is our intent to meet with Respondents separately and confidentially. The Authority will communicate the date, time and place of the conference, if held.

7.0 Summary

THIS IS A REQUEST FOR INFORMATION (RFI) ONLY to identify sources that can provide operation, maintenance, asset management services and (optional) ownership of the Cogeneration plant and related infrastructure at John F. Kennedy International Airport. The information provided in this RFI is subject to change and is not binding on the Authority. The Authority has not made a commitment to procure any of the items discussed, and release of this RFI should not be construed as such a commitment or as authorization to incur cost for which reimbursement would be required or sought. All submissions become Authority property and will not be returned.

RFI Number: 37799

ATTACHMENT A

AGREEMENT ON TERMS OF DISCUSSION

The Port Authority's receipt or discussion of any information (including information contained in any proposal, vendor qualification, ideas, models, drawings, or other material communicated or exhibited by us or on our behalf) shall not impose any obligations whatsoever on the Port Authority or entitle us to any compensation therefor (except to the extent specifically provided in such written agreement, if any, as may be entered into between the Port Authority and us). Any such information given to the Port Authority before, with or after this Agreement on Terms of Discussion ("Agreement"), either orally or in writing, is not given in confidence. Such information may be used, or disclosed to others, for any purpose at any time without obligation or compensation and without liability of any kind whatsoever. Any statement which is inconsistent with this Agreement, whether made as part of or in connection with this Agreement, shall be void and of no effect. This Agreement is not intended, however, to grant to the Port Authority rights to any matter, which is the subject of valid existing or potential letters patent. The foregoing applies to any information, whether or not given at the invitation of the Authority.

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Port Authority Freedom of Information Code and Procedure (FOI Code) adopted by the Port Authority's Board of Commissioners on March 29, 2012, which may be found on the Port Authority website at: <http://www.panynj.gov/corporate-information/pdf/foi-code.pdf>, not to disclose to any competitor of the undersigned, information submitted which are trade secrets which, if disclosed, would cause injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, as more fully set forth in the FOI Code, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

(Company)

(Signature)

(Title)

(Date)

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DO NOT RETYPE.