

Nueces-Brownsville

Bidder Questions and Answers					
Num	Submitted By	Reference	Subject	Question	Answer
1.	TransCanada	3 rd Amended and Restated RFP; Section 2 Attachment A-1-2	Interconnection with Mexican Pipeline	Based on the changes to Section 2 and Attachment A-1-2 of the RFP, is it acceptable for the Transporter to negotiate remedies through the interconnection and operating agreement between the offshore portion of the Brownsville Pipeline and the Interconnecting Mexican Pipeline, such that the MAOP of the pipelines match exactly at the interconnection point, in order to comply with applicable pipeline safety regulations, but with differing MAOP than those specified by CFE in Section 2 and Attachment A-1-2?	The Brownsville Pipeline and the Interconnecting Mexican Pipeline shall have the MAOP specified on Attachment A-1-2. CFE will provide further information on this point in the 4 th Amended RFP to be published on December 11 th .

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2.	TransCanada	3 rd Amended and Restated RFP; Section 2 and Attachment A-1-2	Interconnection with Mexican Pipeline	<p>Based on the changes to Section 2 and Attachment A-1-2 of the RFP, please consider modifying the following statement as follows:</p> <p>The maximum allowable operating pressure (“MAOP”) of the offshore portion of the Brownsville Pipeline and the Interconnecting Mexican Pipeline shall match exactly, in order to comply with applicable pipeline safety regulations.</p> <p>The MAOP of the offshore portion of the Brownsville Pipeline shall be either: i) 42” = 2,750 psig or ii) 48” = 1,980 psig.</p>	CFE will adjust this information. Changes will be included in the 4 th amended RFP and explained in the question and answer session.
3.	TransCanada	3 rd Amended and Restated RFP; Attachment A-1-2	Measurement	<p>With reference to the answer to question num.12 of the 3rd set of Questions and Answers, please modify the following statement of Attachment A-1-2 as follows:</p> <p>“Pressure measurement determination at the border is the responsibility of the Winning Bidder”.</p>	It will be changed in the 4th amended RFP to be published on December 11th.

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4.	TransCanada	3 rd Amended and Restated RFP; Section 5.c, 5.d, 5.f, 5.g, and 5.h.	Bidder's Experience	We kindly request the Commission to confirm that Bidder's experience can be demonstrated through the Bidder's parent companies.	Confirmed. Please fully explain/support all relevant experience.
5.	TransCanada	3 rd Amended and Restated RFP; Section 6 d.	Property Rights	We kindly request the Commission to specify that the Transporter will be responsible solely for property rights of "Tap Facility" locations for the TETCO/Spectra and Houston Pipe Line interconnects. The interconnection locations for these interconnects will be defined by the Transporter, and TETCO/Spectra and Houston Pipe Line will be responsible for property rights for any interconnection facilities other than these "Tap Facilities", and if not please specify how much physical space shall the Transporter assume is required.	Bidders' proposals must use the same calculations that they will use with the other interconnections. This will be explained in the question and answer session.
6.	TransCanada	3 rd Amended and Restated RFP; Section 9	Header Radius	In order to allow Bidders to accommodate all required interconnections, it is kindly requested that the Commission re-instate the fifteen (15) mile radius for locating the Nueces header (from the geographical coordinates of 27°36'44.08" N; 97°57'21.22" W).	CFE will change the mile radius. Changes will be include in the 4 th amended RFP and explained in the question and answer session.

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7.	TransCanada	3 rd Amended and Restated RFP; Section 5	Rates	<p>Regarding the proposal deliverables specified in Section 5 a) and b) of the RFP, we kindly ask the Commission to clarify that for each the 42" and 48" options the Bidders must submit the following monthly charges for the 276-month contract period:</p> <p>a) Nueces Header</p> <ul style="list-style-type: none"> • Rate US\$/MMBtu (based on 5 Bcf/d throughput) • Fuel rate % • Fiber Optics Line charge US\$/MMBtu <p>b) Brownsville Pipeline</p> <ul style="list-style-type: none"> • Demand charge US\$/MMBtu (based on 2.6 Bcf/d throughput) • Usage charge US\$/MMBtu • Fuel rate % • Fiber Optics Line charge US\$/MMBtu 	Bidders will present (i) only one monthly charge for the 276 month contract period for the 42" or 48" option from Nueces header to the last onshore pig run installation and (ii) two different monthly charges for the 276 month contract period for the 42" and 48" option from the last onshore pig run installation to the offshore interconnection.
8.	TransCanada	3 rd Amended and Restated RFP; Section 6	Evaluation	With respect to Section 6 items f) and g), we kindly ask the Commission to confirm that all the charges listed in question 7 above, including the charges for the fiber optic line, will be part of the net present value calculation.	Confirmed.

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9.	TransCanada	3 rd Amended and Restated RFP; Section 4 c)	Funding Commitment	We kindly request the Commission to reconsider eliminating or capping the Funding Commitment as this requirement creates an unspecified liability for Bidders.	CFE is reviewing this point and will provide a response in the 4 th amended RFP to be published on December 11 th .
10.	Spectra	Section 4.c. RFP Funding Commitment –Page 7	Legal	Please confirm that the parent guarantee which may be provided to support the Funding Commitment in section 4. c. is to be issued from any of the holders of the special purpose vehicle or the company submitting the corresponding proposal provided such holder has an investment grade qualification the same as that specified in section 4. b. If not, then what investment grade qualification is required of the holder supporting the Funding Commitment, if any?	Confirmed. The parental guarantee may be from any of the holders of the special purpose vehicle or the company submitting the corresponding proposal, provided such holder must have an investment grade qualification of at least “A3” from Moody’s, “A-” from Standard and Poor’s or “A-” from Fitch, and the guarantee be in the form provided in Appendix G of the RFP.
11.	Spectra	Appendix A Page – A- 5	Technical	Having relied in good faith on the 15 mile radius since the original RFP release to complete extensive work on its design and bid package development, Spectra Energy respectfully requests that the CFE considers expanding the Nueces Header radius referenced in Appendix A to 15 miles.	CFE will change the mile radius. Changes will be included in the 4th amended RFP and explained in the question and answer session.

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12.	Spectra	Appendix A	Technical	Spectra Energy requests that the CFE confirm that as long as any part of a bidder's Nueces Header design is within the radius specified in the bid guidelines and Appendix A it will be a qualified bid.	Confirmed.
13.	Spectra	Appendix C	Technical	Please clarify the reference to "Exhibit A" in Receipt Points, Delivery Points and Flow Paths on page C-4.	This refers to a future exhibit to be attached to the TSAs listing points. This will be clarified in the next release of the RFP.
14.	Spectra	Section 4.c. RFP Funding Commitment –Page 7	Legal/Financial	Spectra Energy respectfully requests that the CFE considers capping the amount of the Funding Commitment to avoid bidders having to build potentially unnecessary cost premiums into their bids to account for the uncertain and potentially large Funding Commitment amount (e.g. NPV spread risk between a winning bid and the highest back up bid).	CFE is reviewing this point and will provide a response in the 4th amended RFP to be published on December 11th.

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15.	Spectra	Section 4.c. RFP Funding Commitment –Page 7, and Appendix C Page C-6	Legal/Financial	With reference to the Funding Commitment terms described in section c on page 7 and In-Service Date in section 16 on page C-6, it appears the CFE has more than one remedy in the event of a missed In-Service Date. Please clarify what remedies bidders can expect the CFE to call on in the event the Transporter misses the In-Service Date: call on the entire or a portion of the Funding Commitment; request compensation for actual or direct damages flowing from a delay; a combination of both remedies? Is the Funding Commitment intended to be the mechanism to be compensated for actual or direct damages?	CFE will provide further information about this issue in the 4 th amended RFP to be published on December 11 th .
16.	Dimension	5.a	Rate Structure Chart	The chart shows a demand charge and a usage charge for the Brownsville Pipeline. The chart shows no such breakdown for the Nueces Header. Please amend the RFP to show that bidder may propose both a demand charge and a usage charge for the Nueces Header.	The chart will be adjusted in the 4th amended RFP, please refer to it.

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17.	Dimension	5.b; 6.g	Fuel-Related Proposals	Please amend the RFP to clarify that 'fuel-related proposals' means only Bidder's proposed percentage of fuel for compression (whether gas fueled or gas equivalent for electric driven) and lost and unaccounted for gas to be paid by CFE in-kind and not proposals by Bidder to provide such fuel to CFE at some cost other than set forth in Appendix H.	Fuel-related proposals refers to the percentages of fuel that are proposed by Bidders; it <u>does not</u> imply that Bidders may propose to provide fuel to CFE at some cost. CFE shall deliver in-kind fuel to Transporter.
18.	Dimension	5.l	Brief Description of Project Cost	Please confirm that the brief description of the project costs need only address the following breakdown as set forth in 5.g and 5.l (with no further breakdown): i. Financing fees (if any); ii. Total development costs excluding financing fees (if any); and iii. Total of all other costs.	The level of specificity as to cost breakdown is at the discretion of the Bidder. Please keep in mind that providing detailed cost information may be evaluated by CFE as part of its best value analysis.
19.	Dimension	5.q	Key Personnel	Please amend the RFP to clarify that signed, binding commitment letters may include reasonable conditions precedent including, but not limited to, winning the RFP and executing the TSA.	Confirmed.

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20.	Dimension	6.d; Appendix A, paragraph 2	Tap Facilities	Please amend the RFP to clarify that the amount and configuration of the space that Bidder must make available for each of the interconnections with Houston Pipe Line and TETCO/Spectra need only be comparable to the space that Bidder is allocating for each of Bidder's interconnections with Tennessee Gas Pipeline, Transcontinental Pipe Line, Natural Gas Pipe Line, Kinder Morgan Tejas, Channel-Enterprise, Lobo P/L/Conoco and the two interconnections to be selected by Bidder.	See answer to question number 5.
21.	Dimension	Appendix A, paragraph 3	Cost of Interconnecting Two (2) Expansion Pipelines	Please amend the RFP to clarify that the reference to the cost of "...the Tap Facilities for interconnections with TETCO/Spectra and Houston Pipe Line..." also includes the costs of tap facilities for interconnecting the two (2) expansion pipelines..."	The expansion should include (i) tap facilities for interconnecting the two expansion pipelines, (ii) metering stations, (iii) real estate requirements and (iv) all necessary fittings.
22.	Dimension	Appendix A, paragraph 11	Receipt and Delivery Points	Please amend the RFP to clarify that in addition to the exceptions for the interconnections with Houston Pipe Line and TETCO/Spectra, the two (2) expansion interconnections are also exempt from the requirement each point of receipt and delivery be equipped with the stated measurement and SCADA equipment (at least until such time as the two expansion tap facilities are actually used for interconnections).	In this scenario, transporter will make a tariff increment proportional to the investment.

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23.	Dimension	Appendix C, 3.b	Foundation Shipper	Please amend the RFP to define "...the rights and privileges of a 'foundation shipper'..." to be identical to the rights and privileges of CFE set forth in the TSAs.	Will be revised in the next release of the RFP.
24.	Dimension	Appendix C, 9.	Measurement	We previously asked: Please amend the RFP to clarify what is meant by "To the extent that no new measurement facilities are installed to provide service hereunder, measurement operations will continue in the manner in which they have been previously handled." Can CFE provide an example of a situation where this might apply?" CFE responded that this part will be removed but this part is still in the latest version (3 rd) of the RFP. Please remove or clarify.	Will be removed in the next release of the RFP.