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Part B - Submittal Checklist
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Part E - Statement of Work

ISSUING OFFICE

Agency Contact & Phone No ............ : Tom Erickson, Chief Procurement Officer, (907) 771-3951

PROJECT

RFP NUMBER ..................................... : 15142
Project Site (City, Village, etc.)............. : Interior Alaska
Project Title ...................................... : Interior Energy Project (IEP)

The goal of the IEP is to provide energy relief and improve air quality through supply of low-cost energy to Interior Alaska. It is AIDEA’s intent to finance and facilitate a Project that meets the goals of the IEP, including supplying the lowest cost gas; to as many people; as quickly as possible. AIDEA will consider proposals through this solicitation that accomplishes this goal. The primary option for this solicitation is to develop a facility in Cook Inlet capable of producing 200,000 gallons of Liquefied Natural Gas (LNG) per day initially, with expansion capacity up to 400,000 gallons of LNG per day. In addition to the primary option, the Authority encourages and will entertain alternate proposals during this process. Alternate proposals include, but are not limited to, propane, liquefaction capacity combined with gas supply, liquefaction capacity combined with gas supply and transportation, North Slope liquefaction capacity, or a small diameter pipeline.

SCHEDULE

Anticipated period for performance-Begin: January 2016.

SUBMITTAL DEADLINE AND LOCATION

OFFERORS ARE RESPONSIBLE TO ASSURE DELIVERY PRIOR TO DEADLINE.
ONLY PROPOSALS RECEIVED PRIOR TO THE FOLLOWING DATE AND TIME WILL BE OPENED

DATE:  August 3, 2015  PREVAILING TIME: 2:00 PM
HAND DELIVER ONLY DIRECTLY TO FOLLOWING LOCATION (and person, if named):
Alaska Industrial Development & Export Authority
Attn: Procurement Department
Tom Erickson
813 W. Northern Lights
Anchorage, AK 99503

(When submitting proposals, please make sure to identify the project title and the RFP number on the outer envelope of the submittal package.)

IMPORTANT NOTICE: Your Firm must register with the AIDEA Procurement Office to receive subsequent addenda. Failure to register may adversely affect your proposal. Register online at http://www.aideaaeaprocurement.org/.
This RFP represents the first step of a two-step public process. In this first step, interested parties can describe a proposed approach to supplying LNG or alternative energy supply to the Interior utilities as part of the IEP. It is expected that up to four selected proposals will advance to the second step of this process. The Authority reserves the right to add additional proposals as necessary to meet the requirements of this RFP. Successful proposers will enter into direct negotiation and project evaluation with AIDEA (and the local utilities as appropriate) to more fully develop a shared partnership/financing arrangement for each approach. Offerers received are not binding; however, the offerors are required to negotiate in good faith.

Step Two will culminate with a call for final project offers from each proposer and evaluated by committee as most likely to succeed. Selection criteria used in step one will not be used. The Evaluation Committee will review final project offers, evaluating and ranking as a group with the intent of coming to a consensus of their selection. The Evaluation Committee may, at its option, vote on the final ranking. The Evaluation Committee shall provide a narrative justification for their selection.

Selection of a single entity “preferred respondent” to act as an IEP private partner to fully develop the energy supply chain to the Interior, approved by the AIDEA Board of Directors, will be the final result of step two of this solicitation.

Scoring for each of the two steps will be processed as follows:

1. Proposals will be evaluated by a committee. Evaluation of responses to criteria set forth in Part C results in a numerical score for each proposal. Each criterion in Part C has an assigned weight for this RFP which demonstrates its relative importance. The total of all weights is 100.

2. Scoring of proposals will be accomplished as follows:
   2.1 Each Evaluator will read and rate each Offeror's response to each criterion described in Part C. Ratings will be based solely on contents of proposal and in compliance with standard instructions for Evaluation Committee.
   2.2 After completion of individual ratings in Part C the Evaluation Committee will meet to discuss proposals. Evaluators may then alter their ratings; however, any changes shall be based solely on the criteria set forth in Part C.
   2.3 The total score for each Offeror will be obtained by summing the scores determined for each criterion in Sections I, II, III, IV and V of Part C.

3. Evaluators may discuss factual knowledge of, and may investigate Offerors' and proposed Subcontractors' prior work experience and performance, including projects referenced in proposal, available written evaluations, etcetera, and may contact listed references or other persons knowledgeable of a Contractor's and/or a Subcontractor's past performance. Factors such as overall experience relative to the proposed contract, quality of work, control of cost, and ability to meet schedules may be addressed. If any issues of significant concern to the offer are discovered, the Committee may:
   3.1 Provide written recommendations for consideration during contract negotiations;
   3.2 Conduct discussions in accordance with paragraph 4, below.

4. The Committee may decide to conduct discussions (or “interviews”) with responsible Offerors whose proposals are determined to be reasonably susceptible of being selected to advance to the second step for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. At the committee’s option offerers selected for discussions may be permitted to submit Best and Final Offers (BAFO) for final Committee Evaluation. After discussions and any BAFOs, Evaluators will determine the final scoring and ranking for contract negotiations by evaluating written and oral responses using only the criteria set forth in Part C of this RFP.

5. After completion of the two step process and negotiations with the successful offeror, a Notice of Intent will be provided to all Offerors. If contract negotiations are unsuccessful with Offeror(s) selected for negotiation, the Authority may cancel the solicitation or reserves the right to enter into negotiations with another offeror that advanced to the second step.
NOTICES

1. The Authority is an equal opportunity employer.

2. The Authority shall not be liable for any cost incurred by an Offeror in response to this solicitation, including any work done, even in good faith, prior to execution of a contract and issuance of a Notice to Proceed.

3. The Authority expressly reserves the right to waive minor informalities, negotiate changes or reject any and all proposals and to not advance an offeror to the second step, if in its best interest. "Minor Informalities" means matters of form rather than substance which are evident from the submittal, or are insignificant matters that have a negligible effect on price, quantity, quality, delivery, or contractual conditions and can be waived or corrected without prejudice to other Offerors.

4. All proposals may be open for public inspection after a Notice of Intent is issued. Offerors should mark proprietary information in proposals if such information should not be disclosed to the public. Proprietary information will be confidential if expressly requested and agreed to by the Authority.

5. Offerors and proposed subcontractors shall be in compliance with the statutory requirements for Alaska business licensing and professional registrations included in the certification statement on Page 2 of Part D in this RFP package.

6. Standard insurance provisions for Worker's Compensation, General and Automobile Liability, and Professional Liability may be required for any contract established. Coverage may be modified under limited circumstances.

7. Pre-proposal Conference: The Authority reserves the right to schedule a Pre-proposal conference.

Questions regarding this RFP should be sent to the Project Manager, in writing within the first 15 days of the public notice period; Questions should be sent by email to Kirk Warren at kwarren@aidea.org.

Timely submission of questions will help the Authority determine if there is a need for a Pre-proposal Conference.

8. Special Notices:

An Alaska Business License is required of Contractors who do business in Alaska. Offerors should be aware of this requirement and are advised that proof of application for an Alaska Business License will satisfy this requirement. Information regarding applying for an Alaska Business License can be found on-line at http://www.dced.state.ak.us/occ/home_bus_licensing.html or by calling 1-907-465-2550. The business license must be in the name of the company under which the proposal is submitted. This is a requirement regardless of funding source.
SUBMITTAL CHECKLIST

Offeror may use left margin to check off items when completed.

1. Offerors must carefully review this RFP Package for defects and questionable material and become familiar with submittal requirements. Submit written comments to the address shown under "Submittal Deadline and Location" on page 1 of Part A - RFP. Substantive issues will be addressed in a written addendum to all RFP recipients on record.

2. Review Part A - RFP and the proposed Statement of Services and any other attached or referenced materials.

3. Review Part C - Evaluation Criteria. Read each criterion in light of the proposed Statement of Services. Note any project specific criteria which may have been added or any changes to standard criteria descriptions which may have been made. Be aware of the assigned weight for each criterion.

4. Prepare a distinct Response for each criterion. Failure to respond directly to any criteria will result in an evaluation score of zero for that criteria. Acceptable Responses must be specific and directly related to the proposed Statement of Services. Marketing brochures, marketing resumes, and other non-project specific materials will be discarded without evaluation and should not be submitted.

5. Each criterion Response must be titled, numbered and assembled in the order in which the criteria are listed in Part C, so the criterion to which information applies shall be plainly evident. Material not so identified or assembled may be discarded without evaluation.

6. Complete all entries on Part D - Proposal Form. Note the requirements for Alaska business.

7. Attach Criteria Responses to Part D - Proposal Form. The maximum number of attached pages (each printed side equals one page) for Criteria Responses shall not exceed: Twenty (20) pages. Attached page limit does not include the four-page Part D - Proposal Form, resumes, proprietary or confidential information. Any proprietary and confidential information shall be submitted under a separate cover and so marked.

Criteria Responses shall be presented in 8-1/2" X 11" format, except for a minimal number of larger sheets (e.g. 11" x 17") that may be used (e.g. for schedules) if they are folded to 8-1/2" X 11" size. Large sheets will count as multiple pages at 93.5 square inches or fraction thereof per page.

8. Parts A, B and C and the proposed Statement of Services shall not be returned to the Authority. Submittals shall consist of the following applicable items assembled as follows and in the order listed:

- Completed Part D - Proposal Form (generally at least one copy with original signature) and Responses to all evaluation criteria -- attached.

- Number of copies of Part D (all pages) and Criteria Responses) required is: One original, seven copies & an electronic copy on a flash drive. Confidential Information shall be marked as such on the electronic median.

- CAUTION: If you replicate (other than by photocopy) Part D or any form in lieu of completing the forms provided by the Authority, provide a signed certification that lists such forms and attests that they are exact replicas of that issued by the Authority. Changed forms may result in rejection at the Authority's discretion. Any alteration - other than completion of the required entries - may be cause for rejection without recourse.

9. Deliver submittals in one sealed package to the location and before the submittal deadline cited in Part A - RFP. Mark the outside of the package to identify the Project and the Offeror. Proposals must be received prior to the specified date and time. Late proposals will not be accepted or opened.
# EVALUATION CRITERIA

## 1. Project Understanding

<table>
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<tbody>
<tr>
<td>Proposals will be evaluated against the following questions:</td>
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<tr>
<td>• How well has the respondent demonstrated a thorough understanding of the purpose and scope of the project?</td>
</tr>
<tr>
<td>• How well has the respondent identified pertinent issues and potential problems related to the project?</td>
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## 2. Methodology

<table>
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<tbody>
<tr>
<td>Proposals will be evaluated against the following questions:</td>
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<tr>
<td>• To what extent has the respondent already initiated the development process? Does the respondent have control of a site? Has the respondent developed a permitting plan and schedule?</td>
</tr>
<tr>
<td>• Did the respondent supply evidence of their proposed financing such as through audited financial reports or letters of commitment from financiers?</td>
</tr>
<tr>
<td>• Is the respondent willing to accept, or is their proposal dependent upon, AIDEA financing?</td>
</tr>
<tr>
<td>• Has the respondent initiated design and selected a major equipment provider?</td>
</tr>
<tr>
<td>• Did the respondent provide substantiated project cost information such as vendor quotes and contractor proposals?</td>
</tr>
<tr>
<td>• Did the respondent present a substantiated project schedule supported by vendor quotes and contractor proposals?</td>
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</tbody>
</table>

## 3. Experience & Qualifications

<table>
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<tr>
<td>Proposals will be evaluated against the following questions:</td>
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<tr>
<td>Questions regarding the personnel:</td>
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<tr>
<td>• Do the individuals assigned to the project have experience on similar projects?</td>
</tr>
<tr>
<td>• Are resumes complete and do they demonstrate backgrounds that would be desirable for individuals engaged in the work the project requires?</td>
</tr>
<tr>
<td>• How extensive is the applicable education and experience of the personnel designated to work on the project?</td>
</tr>
<tr>
<td>Questions regarding the firm:</td>
</tr>
<tr>
<td>• Is the organization of the project team clear? Including partners and subcontractors?</td>
</tr>
<tr>
<td>• How well has each firm demonstrated experience in completing similar projects?</td>
</tr>
<tr>
<td>• Has the firm provided letters of reference from previous clients?</td>
</tr>
<tr>
<td>• Has the firm previously, or currently, operated/operating a similar facility?</td>
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## 4. Project Description and Costs

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<td>Proposals will be evaluated against the following questions:</td>
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<tr>
<td>• What is the capital cost of the project including all construction, equipment and other capitalized costs?</td>
</tr>
<tr>
<td>• What is the operating cost of the project?</td>
</tr>
<tr>
<td>• What is the cost of the developer’s financing (interest rate, IRR, term, etc.)?</td>
</tr>
<tr>
<td>• Does the proposal describe all relevant equipment, real estate, connection to the existing pipeline system, engineering, design, construction, overhead, third party developer fees, and any other associated capital costs?</td>
</tr>
<tr>
<td>• Does the proposal describe all relevant labor, fuel or purchased power, insurance, property tax, repair and replacement, overhead, administration, and any other associated operating costs?</td>
</tr>
<tr>
<td>• Does the proposal provide technical information sufficient to demonstrate the project, as submitted, is viable?</td>
</tr>
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</table>
Proposals will be evaluated against the following questions:

Does the project, as proposed, offer the opportunity to meet the community's need for low cost energy? The IEP goals of $15/mcf to the home/business, to as many as possible, as quickly as possible are the sole reason for selecting a private partner under this RFP. For planning purposes, proposers can expect that the storage and distribution components of the supply chain are estimated at $4-5/mcf (actual storage and distribution costs may be impacted in each proposal by the amount of available AIDEA financing remaining and additional storage requirements).

- Proposals should include narrative and/or financial models that demonstrates scenario(s) under which the proposed project, utilizing AIDEA financing tools, can meet the IEP pricing goals
- Proposals should indicate a timeline, beginning with acceptance of the selected project by the AIDEA Board, for availability of gas to the Interior Utilities.
- Proposals should indicate expansion capacity – both timeline and incremental costs in 100,000 gallon per day or equivalent increments.

Commerical structure of the project
- What will be the structure of the rates charged to buyers?
- What sort of commitment is required of the buyers?
- What is the term length of any proposed commitment from the buyer?
- What is the risk allocation (construction, operating, demand, State sponsored natural gas pipeline)?
Alaska Industrial Development Export Authority

PROPOSAL FORM

THIS FORM MUST BE THE FIRST PAGE OF PROPOSAL. Attach criteria responses as explained in Part B - Submittal Checklist. No transmittal letter or cover sheet will be used.

### PROJECT

<table>
<thead>
<tr>
<th>Project Title:</th>
<th>Interior Energy Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP No.:</td>
<td>15142</td>
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</tbody>
</table>

### OFFEROR (CONTRACTOR)

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<th>Contractor:</th>
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</thead>
<tbody>
<tr>
<td>Street:</td>
</tr>
<tr>
<td>P.O. Box:</td>
</tr>
<tr>
<td>City, State, Zip:</td>
</tr>
<tr>
<td>Alaska Business License Number:</td>
</tr>
<tr>
<td>Federal Tax Identification No.:</td>
</tr>
<tr>
<td>Individual(s) to sign contract:</td>
</tr>
<tr>
<td>Title(s):</td>
</tr>
<tr>
<td>Type of business enterprise (check one):</td>
</tr>
<tr>
<td>Corporation in the state of:</td>
</tr>
<tr>
<td>Individual</td>
</tr>
<tr>
<td>Partnership</td>
</tr>
<tr>
<td>Other (specify):</td>
</tr>
</tbody>
</table>

### PROPOSED PARTNER(S) AND SUBCONTRACTOR(S)

| Partners/Subcontractor & Office Location: |
| AK Business License No.: |

### CERTIFICATIONS

I certify: that I am a duly authorized representative of the Contractor; that this Submittal accurately represents capabilities of the Contractor and Subcontractors identified herein for providing the services indicated; and, that the requirements of the Certifications on page 2 and 3 of this Part D for 1) Alaska Licenses/Registrations, 2) Insurance, 3) Cost and Pricing Data, and 4) Former Public Officer - will be complied with in full. These Certifications are material representations of fact upon which reliance will be placed if the proposed contract is awarded. Failure to comply with these Certifications is a fraudulent act. The Contracting Agency is hereby authorized to request any entity identified in this proposal to furnish information deemed necessary to verify the reputation and capabilities of the Contractor and Subcontractors.

| Signature: |
| Name: |
| Title: |
| Date: |
| Telephone (voice): |
| (fax): |
| Email Address: |
Contractor and all Subcontractors shall comply with the following applicable requirements of Alaska Statutes:

1. **Alaska Business License** (Form 08-070 issued under AS 43.70) An Alaska Business License is required of Contractors who do business in Alaska and required before contract award. Proof of application for an Alaska Business license will satisfy this requirement. Acceptable evidence that the offeror possesses a valid Alaska business license consists of any one of the following:
   a. Copy of the Alaska business license.
   b. Certification on the bid or proposal that the bidder/offeror has a valid Alaska business license number and has written the license number in the space provided on the proposal.
   c. A canceled check that demonstrates payment for the Alaska business license fee.
   d. A copy of the Alaska business license application with a receipt stamp from the State's business license office.
   e. A sworn notarized affidavit that the bidder/offeror applied and paid for the Alaska business license.
   f. Other forms of evidence acceptable to the Department of Law.

2. **Certificate of Incorporation** (Alaska firms) or **Certificate of Authorization for Foreign Firm** ("Out-of-State" firms). All corporations, regardless of type of services provided, must have one of the certificates (AS 10.06.218 and other sections of Title 10.06 - Alaska Corporations Code).

3. **Joint Ventures**, regardless of type of services provided, must be licensed/registered in the legal name of the Joint Venture as used in this proposal (AS 43.70.020 and 43.70.110(4)).

[For information about licensing, Offerors may contact the Alaska Department of Commerce and Economic Development, Division of Occupational Licensing at P.O. Box 110806, Juneau, AK 99811-0806, or at Telephone (907) 465-2550, or at Internet address: http://www.dced.state.ak.us/occ/home_bus_licensing.html.]

**CERTIFICATION - COST AND PRICING DATA**

Any cost and pricing data submitted herewith, or in any future price proposals for the proposed contract, will be accurate, complete and current as of the date submitted and will continue to be accurate and complete during the performance of the contract, if awarded.

**CERTIFICATION – FORMER PUBLIC OFFICER**

Any proposer listing as a member of the proposer’s team a current public officer or a former public officer who has left state service within the past two years must submit a sworn statement from that individual that the Alaska Executive Branch Ethics Act does not prohibit his or her participation in this project. If a proposer fails to submit a required statement, the proposal may be deemed nonresponsive or non-responsible, and rejected, depending upon the materiality of the individual's proposed position.

The Ethics Act bars a public officer who leaves state service from representing, advising or assisting a person for compensation regarding a matter –

that was under consideration by the administrative unit in which the officer served, and in which the officer participated personally and substantially through the exercise of official action, for two years after leaving state service. See AS 39.52.180(a). “Public officer” includes a state employee, a member of a state board and commission, and a trustee of the Exxon Valdez Oil Spill Trust. “Official action” means a recommendation, decision, approval, disapproval, vote, or other similar action or inaction. Possible remedies for violating the bar include penalties against the former public officer and voiding the state grant, contract or lease in which the former public officer is involved.

Additionally, former public officers may not disclose or use information acquired in the course of their official duties that could in any way result in a benefit to the former public officers or their families, if the information has not been disseminated to the public or is confidential by law, without appropriate authorization. See AS 39.52.140.

Each current or former public officer is responsible for determining whether he or she may serve in the listed capacity on this project without violating the Ethics Act. A form that a former public officer may use to certify their eligibility is attached. Current public officers may seek advice from their designated ethics supervisors concerning the scope and application of the Ethics Act. Former public officers may, in writing, request advice from the Office of the Attorney General, Ethics Attorney concerning the application of the Ethics Act to their participation in this project. It is the responsibility of the individual and the proposer to seek resolution in a timely manner of any question concerning the individual’s eligibility.
Former Employee’s Certification of Eligibility
Under the Alaska Executive Branch Ethics Act
(AS 39.52.140, AS 39.52.180)

I am a former employee of the State of Alaska and left state service within the last two years. My last position with the state was [job title] with the [name of state agency and administrative unit]. I propose to work on [describe state contract or other matter] on behalf of [name of current employer]. This work will not involve any matter (a) that was under consideration by the state administrative unit that I served, and (b) in which I participated personally and substantially during my state service through the exercise of official action (“official action” means a recommendation, decision, approval, disapproval, vote, or other similar action or inaction). I am therefore eligible to participate in this [contract or matter] under the Alaska Executive Branch Ethics Act. I also understand that as a former public officer I may not disclose or use information acquired in the course of my official duties that could in any way result in a benefit to me or my family, if the information has not been disseminated to the public, or that is confidential by law, without appropriate authorization.

I certify under penalty of perjury that the foregoing is true.

Dated: ________________________, 20__, at __________, Alaska.

_____________________________________
[name of former state employee]

STATE OF ALASKA )
) ss.
_______ JUDICIAL DISTRICT )

On this ______ day of ____________, 20__, [name of former state employee], whom I know to be the individual described in and who executed this certification, personally appeared before me and acknowledged that [s]he signed the certification as [her or his] free and voluntary act.

IN WITNESS WHEREOF, I have placed my signature and affixed my official seal.

_______________________________
Notary Public in and for Alaska
My commission expires: ___________

If no notary or other official (judge, magistrate, U.S. postmaster or municipal clerk) is available, omit the notary certificate and include the following statement in the text: A notary or other official empowered to administer oaths is unavailable.
STATEMENT OF WORK AND TECHNICAL PROPOSAL

Interior Energy Project

The goal of the IEP is to provide energy relief and improve air quality through supply of low-cost natural gas to Interior Alaska. It is AIDEA’s intent to finance and facilitate a Project that meets the goals of the IEP, including supplying the lowest cost gas; to as many people; as quickly as possible. AIDEA will consider proposals through this solicitation that accomplishes this goal. The primary option for this solicitation is to develop a facility in Cook Inlet capable of producing 200,000 gallons of LNG per day initially, with expansion capacity up to 400,000 gallons of LNG per day. In addition to the primary option, the Authority encourages and will entertain alternate proposals during this process. Alternate proposals include, but are not limited to, propane, liquefaction capacity combined with gas supply, liquefaction capacity combined with gas supply and transportation, North Slope liquefaction capacity, or a small diameter pipeline.

Background

AIDEA is a public corporation created in 1967 by the Alaska Legislature to promote and advance the economic growth and diversification in Alaska by providing various means of financing and investment. AIDEA also has the ability to own and operate facilities that advance this goal.

The Alaska Legislature passed SB 23 in 2013 and HB 105 in 2015. This legislation implemented and provided financing tools for the Interior Energy Project (IEP). The project was to consist of a liquefied natural gas (LNG) plant, LNG trucking to Interior Alaska, gas storage and regasification facilities, and a distribution system. The Project now allows AIDEA to finance a small diameter pipeline (less than 12” diameter) or a propane project to meet the goals of the IEP. The objective of the IEP is to deliver natural gas to Interior homes and businesses at a rate of $15 per thousand cubic feet of gas, the energy equivalent of $2-per-gallon fuel oil.

AIDEA intends to advance the IEP through the following actions:

1. Full supply chain. AIDEA intends to work with Interior Utilities and the preferred respondent to this RFP, to plan the build out and coordination of transportation, storage, regasification and distribution of natural gas in the Interior.

2. Negotiation on behalf of and in collaboration with the Interior Utilities. AIDEA intends to negotiate commercial LNG sales and purchase agreement terms with the preferred respondent on behalf of the Interior Utilities. The Interior Utilities will ultimately execute any agreements.

3. Financing liquefaction capacity. AIDEA is in a position to provide low interest rate financing or zero cost equity to reduce the cost of LNG production (or alternative) to the extent needed by the preferred respondent and allowed by law. This RFP is intended to advance this action.

AIDEA is issuing this RFP as part of the IEP to facilitate and develop a low cost natural gas supply chain to provide energy relief for Interior Alaska and improve air quality in the Fairbanks North Star Borough. Under the State of Alaska’s Administrative Order No. 272, AIDEA Board Resolution No. G15-02, and House Bill 105 AIDEA intends to work with the LNG Capacity developer on a project that meets the
objectives of the IEP. An LNG Capacity developer can either utilize or expand an existing LNG plant or propose the development of a new LNG plant in Cook Inlet.

Concurrent with this solicitation process, AIDEA will facilitate a Memorandum of Understanding (MOU) with Golden Valley Electric Association, Fairbanks Natural Gas, and the Interior Gas Utility (or a subset of the Interior Utilities willing to enter into such an MOU) which authorize AIDEA to advance LNG sales and purchase agreements for the Interior natural gas demand. It is recognized that LNG Sales and Purchase Agreements are critical to advancing LNG Capacity project financing and subsequent development. After the LNG Sales and Purchase Agreement negotiation process, it is expected the Interior Utilities will execute the final contract individually or through a yet to be established entity that purchases gas on behalf of these utilities.

Projected Demand for Gas in the Interior
Demand projections have been estimated by the AIDEA/AEA project team utilizing work done by Cardno ENTRIX in 2014. The actual demand will vary from the projections as market conversion rates become known. Agreements will likely need to be structured so that the volumes delivered can be adjusted over time as demand grows.

The figures below are projections used for planning purposes. They show expected natural gas demand in the Interior by project year. Project year is defined as July to June, or the heating year. Due to seasonal swing, the project capacity needed each year is expected to exceed the total annual natural gas demand. Proposals may choose to identify other markets they intend to serve in addition to the identified Interior demand.

<table>
<thead>
<tr>
<th>Year</th>
<th>FNG*</th>
<th>IGU</th>
<th>GVEA</th>
<th>Total</th>
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<tr>
<td>2017</td>
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<td>8.39</td>
</tr>
<tr>
<td>2026</td>
<td>3.34</td>
<td>3.07</td>
<td>2.00</td>
<td>8.41</td>
</tr>
</tbody>
</table>

*FNG demand does not include existing 0.95 Bcf provided under existing agreements
The Interior utility market for natural gas has significant seasonal variability. The actual amount of seasonal swing needed for the IEP is not yet determined and will result from modeling the optimal combination of project capacity and storage. Proposals should indicate the project’s ability to seasonally vary the supply and demonstrate an understanding of the entire supply chain components and their relationship to this seasonal swing.

The figure above demonstrates the expected seasonal demand of the Interior Utilities by quarter. The average demand during the winter months of the year are about three times as high as the average demand during the summer months. A combination of project capacity and storage will be required to meet this seasonal variance.

**Potential AIDEA Financing**

AIDEA, to the extent allowed by law, is willing to assist in financing LNG Capacity. The intent of AIDEA financing will be to 1) reduce the cost of delivered energy to the Interior Utilities, 2) assume financial risk inherent in supplying the Interior Utilities, and 3) facilitate private investment in the project. All proposals are expected to demonstrate their ability to finance all or a portion of the project in excess of AIDEA participation.

In 2013, the Alaska State Legislature passed SB 23. SB 23 which authorized AIDEA to utilize up to $275 million of AIDEA SETS financing to advance the IEP, including $125 million of SETS fund capitalization and $150 million of AIDEA SETS bonding authority backed with a State of Alaska moral obligation.

Remaining SB 23 financing available for the IEP is $222.22 million. This includes $16.1 million of the original SETS appropriation (non IEP specific), $72.2 million of SB 23 SETS appropriation (IEP specific),
and $150 million of AIDEA SETS bonds. An AIDEA SB 23 SETS loan will have an interest rate of 0-3% and is capable of taking reasonable project risk and delayed repayment. AIDEA SETS bonds will be issued with market rates and commercial terms.

In addition, $45 million of the capital budget appropriation remains for the purposes of advancing the IEP. The capital appropriation can be invested by AIDEA into a project and earn no return. The intent is to directly reduce the cost of energy to Interior Utilities.

**Scope of Work (Primary Option)**

The Scope of Work covered under this RFP includes all financing, planning, permitting/real estate, engineering, procurement, construction and operation requirements for 200,000 gallons per day of LNG capacity which is expandable to meet the ultimate needs of the IEP in the future.

The preferred respondent is expected to enter into agreements with Interior utilities, or an entity representing the commercial interests of the Interior utilities, to provide LNG production associated with the newly constructed LNG capacity.

The preferred respondent is expected to procure all necessary equipment, secure a site, construct LNG capacity and operate the LNG plant. The preferred respondent is also expected to provide financing for a portion of the project, as determined by the allocation of AIDEA financing tools. AIDEA will only participate in the financing of LNG capacity to the extent authorized by law and approved by the AIDEA Board of Directors. The pricing components and structure, as well as the risk allocation of construction and operation, is expected to be transparent.

As a “primary option” project AIDEA intends to provide financing for a project that provides LNG Capacity. Therefore, “primary option” project proposals should exclude natural gas supply to the LNG Plant. The natural gas used as fuel and as the LNG product will be contractually provided by the Interior utilities or an associated entity. The purchaser of the LNG product is also responsible for the transportation of LNG from the LNG plant to Interior of Alaska City Gate.

Alternative proposals that provide for the development of all or part of the full supply chain including gas supply are encouraged. More detail on alternative proposals is mention in the section “Alternative Proposals.” If gas supply is contemplated as part of the proposal, proposers may also respond to the Request for Information that will be issued by the State of Alaska Department of Commerce, Community and Economic Development

**Technical Proposal**

In order for the AIDEA to evaluate proposals fairly and completely, respondents must follow the format set out in this RFP and provide information requested to the best of each respondent’s ability. All information provided to AIDEA under this RFP will be made publicly available unless expressly indicated as confidential. Publically available information should be presented as a maximum twenty (20) page proposal overview. Proprietary and confidential information shall be submitted under a separate cover and so marked.

- **Introduction**
- **Understanding of the Project**
Methodology

- Project development plan
- Development progress and status: existing agreements, contracts, proposals and/or quotes
- Project components and required infrastructure
  - Planning/permitting/real estate
  - Engineering/procurement/construction
- Plant operations plan
- Project schedule
- Business/legal structure

Experience and Qualifications

- Firm experience and resources
- Firm partners and subcontractors
- Key project personnel

Project Cost and Description

- Capital cost breakdown, including all relevant:
  - Equipment
  - Real estate
  - Connection to the existing pipeline system
  - Engineering
  - Design
  - Construction
  - Overhead
  - Third party developer fees
  - Any other associated capital cost
- Operating cost breakdown, including all relevant:
  - Labor
  - Fuel or purchased power
  - Insurance
  - Property tax
  - Repair and replacement
  - Overhead, administration, and any other associated operating cost
- Financing cost breakdown
  - Expected equity and debt ratios and costs
  - Expected range of AIDEA financing partnership
- Project reliability and redundancy

Ability to Meet IEP Goals

- Financial models
- Rate and pricing structure
  - Commitment type, term
  - Risk allocation
- Commercial plan
- Future expansion
- Utilization of AIDEA financing tools
Alternative Proposals
AIDEA understands that proposers to this RFP may be interested in providing solutions different from or broader in scope than “primary option” that is described in the Scope of Work for 200,000 gallons per day of LNG capacity. AIDEA welcomes and encourages such alternative proposals that meet the goals of the IEP. All alternative proposals will be evaluated and explored by AIDEA along with proposals for the “primary option” project.

Each alternative proposal shall include all information requested for “primary options” proposals described in Part C of this solicitation plus the following for each alternative proposal, as applicable.

**LNG Delivered at the Flange of the LNG plant.**
These proposals will include both natural gas supply and liquefaction. The Interior utilities, or representing entity, will be responsible for taking custody of the LNG at the outlet flange of the LNG plant and transporting it to the Interior. In addition to the information requested for the Technical Proposal above, these proposals should include information on:

Will the proposal sell LNG as a commodity or will they sell natural gas plus a capacity charge for the LNG plant? Any other information on the commercial structure for pricing is needed.

Offerors submitting these proposals should also respond to the Request for Information for Cook Inlet natural gas supply that will be issued by the State of Alaska Department of Commerce, Community and Economic Development.

**LNG Delivered at the City Gate.**
These proposals will include natural gas supply, liquefaction, and transportation to Interior Alaska, delivered to Interior Utilities. In addition to information requested for an “LNG Delivered at the Flange of the LNG Plant” proposal, these proposals should also provide information on:

Transportation plan, including costs, contractors and required equipment, to transport LNG to the Interior.

**Different sized LNG Capacity.**
These proposals will be for LNG plant capacity above or below the “primary option” 200,000 gallons per day of LNG capacity. Information on incremental costs to add capacity is needed for proposals of less than 200,000 gallons per day.

**LNG Capacity outside of Cook Inlet.**
These proposals will be for LNG capacity in a location other than the Cook Inlet, including the North Slope of Alaska. Proposals on the North Slope should consider utilizing the existing AIDEA owned gravel pad on the North Slope and contact Golden Valley Electric Association regarding their gas supply agreement for North Slope natural gas. Proposals for LNG capacity outside of Cook Inlet are open to including gas supply and transportation in the same manner as the Cook Inlet LNG capacity alternatives.
**Other means of transporting natural gas to Interior.**
These proposals will be for projects that rely on a means of transporting natural gas other than LNG, e.g., a pipeline. These proposals may include natural gas sourced from outside of Cook Inlet. In addition to the information requested in the Technical Proposal above for a “primary option” proposal, these proposals should include information on:

Where do you propose to source natural gas?

What is your proposed means of transporting natural gas?

Is your proposed means capable of supplying the peak day of natural gas demand in the Interior?

An indication of what the proposer’s understanding is of peak deliverability to interior utilities.

If gas supply is included in the proposals for a project meeting this category, Offerors should also respond to the Request for Information that will be issued by the State of Alaska Department of Commerce, Community and Economic Development.

**Other types of fuel than Natural gas.**
These proposals will include proposals for propane, propane-air, and other non-natural gas fuels. In addition to the requested information requested in the Technical Proposal above for a “primary option” proposal, these proposals should include information on:

What is the source of the fuel supply? Is there a contract currently in place for this fuel? Or what is the process expected to put this fuel under contract?

How compatible is this source of fuel with the pipe distribution systems in place or presently being installed by Interior utilities?

How does this source and the required infrastructure fit into the IEP goal of being a bridge to natural gas from a large diameter pipeline?

What infrastructure is needed, with associated costs, to deliver this fuel source to the home?