**RFP NO. DE-RP96-27PO00002**

**EXCHANGE OF THREE HUNDRED FIFTEEN THOUSAND BARRELS OF NORTHEAST HOME HEATING OIL RESERVE (NEHHOR) ULTRA LOW SULFUR HEATING OIL (ULSHO)**

## Questions & Answers

1. Question: For those entities who do not have a terminalling agreement with Buckeye New Haven, CT terminal, could you please advise if you can accept FOB deliveries with title transfer at the flange or FIP deliveries at the custody meter into BPL? This wording indicates only In-Tank transfer method of delivery which may restrict participation.

   **Answer: The In-Tank Transfer (ITT) structure provides a clean and traceable transfer of inventory from DOE to the successful Contractor and, upon replenishment, from the Contractor back to DOE. It also provides the Contractor with flexibility in how it manages the awarded inventory. For example, a Contractor awarded 25,000 barrels at New Haven could move the inventory on their account from the terminal via truck, pipeline, marine vessel, or a combination of those outbound methods.**

2. Question: Similar to the above, the following wording indicates companies would need a terminalling agreement to participate? Do they need this ahead of participation (would restrict participation significantly) or would it be acceptable to offer in their proposal "subject to obtaining a commercially acceptable terminalling agreement within a specified period of time, such that *company name* could obtain the logistical access required to perform according to your specified delivery process?

   **Answer: The Contractor will need to have the appropriate commercial agreement(s) with the NEHHOR storage facility in place prior to the facility executing the PTO and completing the ITT of the inventory from DOE to the Contractor. NEHHOR storage facilities are prepared to work promptly with the successful Contractor to put the necessary agreement(s) in place subject to mutual agreement.**

3. Question: What method of transportation (truck, barge) is contemplated for the return of ULSHO to the NEHHOR?

   **Answer: Specific method of return transportation is to be coordinated with DOE storage site vendor from which the company is receiving the exchange ULSHO.**

4. Question: Is there a deadline for when the winning bidder would need to move the ULSHO once the barrels are transferred in November? Is a company's proposed timeline for moving the barrels factored in when considering the bid award?

   **Answer: Once the in-tank transfer occurs, the successful bidder will have full title to the ULSHO. Holding inventory in tank requires a storage agreement with the contracted terminal. How long that contract lasts is a matter to be agreed-upon between for the winning party and the terminal.**

5. Question: How do we compute the value required for the payment and performance letter of credit, as per exhibit ( on page Section J, Page J-24) and duration required to be valid for?

   **Answer: Please refer to RFP Section M.3.f.1. The Government will provide the calculated amount based upon volume awarded. Per Note 1 of this provision, the final expiration date shall be equal to ninety days after the last delivery of Return ULSHO to the NEHHOR.**

6. Question: Do you have a list of the various charges that will be levied for the in-tank transfers at the various locations?

   **Answer: An offeror should coordinate with the NEHHOR storage facility for confirmation of charges and fees. Refer to RFP Exhibit E for points of contact.**

7. Question: Instead of an in-tank transfer, can we lift FOB by a Jones Act barge?

   **Answer: Please refer to Question #1 above.**

8. Question: I logged into my SAM.GOV account but I could not see where I would submit our bid (please see below screenshot). Who could help me with this?

   **Answer: In accordance with RFP Section L.4(a), proposals shall be submitted via email to nehhorexchange@spr.doe.gov.**

9. Question: There will be two LCs - one for the offer and one for the performance?

   **Answer: That is correct.**

10. Question: We would first like clarification of LC dollar value(s) and LC expiration date(s) for the offer LC and if we win the same will be needed for the performance LC.

    **Answer: Please refer to RFP Section L.5(b)(6)a for the offer guarantee. Please refer to Question #5 above for the payment and performance guarantee.**

11. Question: Are the LCs to be issued directly to DOE or is there an advising bank?

    **Answer: The LCs should be issued directly to DOE.**

12. Question: Is there an email address that issuing bank (Bank of America) should send an informational copy of the LC(s) to when issued?

    **Answer: Please refer to RFP Section L.5(b)(6)a for the offer guarantee and M.3.f.1 for the payment and performance letter of credit.**

13. Question: In the event we chose to bid for the maximum quantity of 150,000 barrels, please confirm the offer LC value should be $3,000,000?

    **Answer: Please refer to Question #5 above. Note it is not possible to bid for the maximum 150,000 available per terminal because this amount will exceed the 40% of total awarded volume, which equals 126,000 barrels (315,000 x 40%)**

14. Question: Bank of America has reviewed the LC formats and has advised us that they may not be able to issue the LCs with the 120 days extension of LC expiration date should there be a bankruptcy filing. Will this be an issue if we cannot have this clause in the LCs?

    **Answer: The LCs should follow the templates included in the RFP.**

15. Question: This appears to have a very similar structure to the Crude SPR exchanges, in which our company participates. We believe contracting, return-period premium calculations and bbl exchange seems to be the same format as the Crude offers. Can you confirm this is correct? We will be using prior Crude business to validate that we understand all the contracting and payment processes for diesel and to confirm compatibility with our payment systems.

    **Answer: Correct. Please note this is ultra-low sulfur Heating Oil.**

16. Section B.5.b says that Premium will be paid in US Dollars. However, B.5.c says that the premium shall be used to calculate a revenue which should be paid as additional ULSHO bbls. Could you please clarify how this process works? If we are returning the premium revenue in the form of additional ULSHO barrels, then we would not expect to also pay the premium via a fund transfer.

    **Answer: Please see table in Section B, Page B-5. Premium is expressed in volume, similar to SPR crude oil exchange agreements, but upon return of borrowed ULSHO it is repaid in revenue based on the value of the premium barrels at the time of the return.**

17. Question: Will the DOE consider offers in which the Additional Premium is a negative value?

    **Answer: No**

18. Question: On the offer form, can you clarify the difference between the Return Delivery to NEHHOR as soon as column and the Return Period column? We are operating under the assumption that the Return Period column is a firm commitment of the calendar month in which we shall return the volume. We believe that the Return Delivery to NEHHOR as soon as column is an estimate of the earliest calendar day in which we may deliver the volume, which could extend to the last calendar day of the month. Is this correct?

    **Answer: Correct**

19. Question: Will all the barrels being offered by the NEHHOR comply with all current US laws and sanctions at the time of delivery? If they are received in a compliant status, will they remain in compliant status through any subsequent sales or consumption by downstream domestic customers.

    **Answer: All NEHHOR volume is compliant with all U.S. laws and sanctions, and should remain so until delivered to domestic consumers.**

20. Question: Item # 4 in Section L, Page L-4 is Reserved. Please advise what bidders should submit for this section.

    **Answer: Item #4 is marked "Reserved," so there is no submission requirement for that item. Offerors shall submit the remainder of items listed in L.5(b).**

21. Question: The bid mentions about bidder financial capabilities. Section L (submittal instructions) does not provide any information on Financial requirements or submittals. Please confirm what should bidders submit to satisfy bidder financial capabilities. Should we submitted audited financials?

    **Answer: Submittals of letters of credit will suffice; however, if the Contracting Officer deems it necessary for the Offeror to submit additional information, the Offeror will be notified.**