

REQUEST FOR INFORMATION AND PROPOSALS

Independent Alternatives Analysis for the Straits Pipelines

The Michigan Departments of Environmental Quality and Natural Resources, the Michigan Agency for Energy, and the Michigan Office of Attorney General (collectively the State) is seeking information and proposals from prospective contractors interested in performing, for the State, an Independent Alternatives Analysis for the Straits Pipelines as recommended in the Michigan Petroleum Pipeline Task Force Report (July 2015)¹ and more fully described in the Scope of Work contained in Part II below.

Issue Date: February 22, 2016

Response Due: April 11, 2016

PART I

GENERAL INFORMATION

I-A Background and Purpose

As discussed at pp 40-50 of the Report, the Straits Pipelines are a segment of Enbridge Energy Limited Partners Line 5 pipeline system that transports oil and natural gas liquids. They consist of two 20-inch diameter pipelines submerged at the Straits of Mackinac. The Straits Pipelines were constructed in 1953 and operate under the terms of a 1953 easement granted by the State to Enbridge's predecessor.

This Request for Information and Proposals concerns recommendation 3, which was summarized as follows at pp 49-50 of the Report:

3. Require an Independent Analysis of Alternatives to the Existing Straits Pipelines.

These Alternatives should include:

¹ Available at http://www.michigan.gov/documents/deq/M_Petroleum_Pipeline_Report_2015-10_reducedsize_494297_7.pdf.

- a. Constructing alternative pipelines that do not cross the open waters of the Great Lakes and then decommissioning the existing pipelines;
- b. Utilizing alternative transportation methods and decommissioning the existing pipelines;
- c. Replacing the existing pipelines using the best available design and technology;
- d. Maintaining the status quo, including an analysis of the effective life of the existing pipelines.

Rationale: The 1953 Easement requires Enbridge to “exercise the due care of a reasonably prudent person for the safety and welfare of all persons and of all public and public and private property.” What a reasonably prudent person would do depends on the circumstances involved, including the alternatives available and the associated risks and benefits of each. Decisions about the future of the Straits Pipelines must be informed by an independent, comprehensive analysis of alternatives. The State should require Enbridge to pay for (but not control) a study by relevant experts of the feasibility, costs, including the specific costs to Michigan, and public risks and benefits of alternatives to the existing Straits Pipelines.

I-B Contractor Qualifications, Selection, Supervision, and Compensation

Any person or entity interested in providing the services and materials needed to implement the Scope of Work must provide the State with information specified in Part III, including, but not limited to information:

- Demonstrating that it has directly, or through proposed sub-contractors, sufficient qualified personnel with the expertise required to efficiently and capably perform all the relevant tasks specified in the Scope of Work.
- Disclosing any prior, current, or anticipated future relationships it or its proposed sub-contractors have with Enbridge Energy Partners, any of its affiliates, or any other entity that could give rise to an actual or apparent conflict of interest.

The response to the State’s Request for Information and Proposals should also include, as specified in Part III:

- The resumes or curriculum vitae for the individuals who would perform the work and information relating the experience and qualifications those individuals to particular tasks identified in the Scope of Work they would be expected to perform.
- Project examples which demonstrate the contractor and/or proposed subcontractor(s) past experience and qualifications to complete the tasks identified in the Scope of Work.
- A proposed schedule for completing the tasks identified in the Scope of Work.
- A proposed budget for completing the tasks identified in the Scope of Work.

The State will select the contractor(s) based upon their demonstrated qualifications, experience, and ability to perform the work in a timely and cost-effective way, after reviewing actual or apparent conflicts of interest. Any proposed sub-contractors must be approved by the State and must agree to comply with laws applicable to state contractors, including, but not limited to, non-discrimination laws.

The contractor will work on behalf of the State and under the State's exclusive supervision. It is anticipated that the contractor will be paid with funds provided by a third party and placed in an escrow account. The amount and timing of the contractor's compensation will be controlled exclusively by the State under the terms of the contract.

I-C Questions and Responses regarding the Request for Information and Proposals

Prospective contractors may submit any written questions regarding the Request for Information and Proposals, via email, to Pipeline-Alternatives@michigan.gov not later than March 7, 2016.

The written questions received will be posted, without identifying the source of each question on the website of the Michigan Pipeline Safety Advisory Board: http://www.michigan.gov/energy/0,4580,7-230-73789_74071---,00.html . Responses to the questions will be posted on that website not later than March 18, 2016.

Questions should not be submitted by any other means.

I-D Response to Request for Information and Proposals

To be considered, prospective contractors must submit a complete response to this Request for Information and Proposals, covering the Statement of Work provided in Part II, and containing the information specified in Part III. An original signature

copy plus four (4) additional hard copies and one electronic copy of each Response must be submitted to the State as specified in Part I- E. A PDF document of the signed response must be submitted to Straits Pipelines Independent Alternatives Analysis, Attention: Holly Simons, P.O. Box 30458, Lansing, Michigan 48909-7958 [mailing address] or Constitution Hall – 3 North, 525 West Allegan Street, Lansing, MI 48933 [physical address for hand delivery]. An electronic copy may be emailed to Pipeline-Alternatives@michigan.gov or may be submitted as a PDF document saved to a USB drive. An official who is authorized to bind the prospective contractor must sign the response. The proposal contained in the response must remain valid for at least sixty (60) calendar days.

I-E Deadline for Submitting Response

Responses must be received by the State at the specified location by 4:00 PM on April 11, 2016. Responses must be submitted as complete documents.

I-F Oral Presentation

Prospective contractors who submit responses may be requested to make an oral presentation of their proposal to the State. The State will schedule any presentations as necessary.

I-G Proposal Clarifications

During the proposal review process, prospective contractors who submit responses may be contacted by the State for clarification of proposals.

I-H Rejection of Proposals

The State reserves the right to reject any and all proposals received as a result of this Request for Information and Proposals and to take any other action it determines necessary to serve the best interest of the State with respect to the subject of this Request for Information and Proposals.

I-I Incurring Costs

All costs incurred by prospective contractors in responding to this Request for Information and Proposals shall be the responsibility of the prospective contractor. The State shall not be liable for any costs incurred before a contract, if any, is entered with the State.

I-J Disclosure of Proposal Contents

Information submitted by prospective contractors in response to this Request for Information and Proposals is subject to the provisions of the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231, *et seq.*

I-K Compliance with Applicable Laws

Any contract ultimately entered with the State will require the contractor and any subcontractors to comply with all applicable state laws, including, without limitation, non-discrimination laws.

PART II

SCOPE OF WORK

The scope of work includes providing all necessary personnel, labor, materials, equipment, supplies, engineering, and supervision required to complete the alternatives analysis for the Straits Pipelines as described in Recommendation 3 on pp 49-50, of the Michigan Petroleum Pipeline Task Force Report, and as supplemented and more fully described below.

The overall objective of the work is to provide the State of Michigan and other interested parties with an independent, comprehensive analysis of alternatives to the existing Straits Pipelines, and the extent to which each alternative promotes the public health, safety and welfare and protects the public trust resources of the Great Lakes. The work does not include a recommendation by the contractor of a preferred alternative. Rather, the work includes the development of information that can be used by the State and other interested parties in making decisions about the future of the Straits Pipelines.

The State intends to provide public notice of and opportunity to comment on the content of the analysis before it is completed. As outlined in Part II-D, the Scope of Work includes preparation of one or more draft reports, development of one or more public presentations, and review of and response to public comments received.

The alternatives to be analyzed are listed in Part II-A. The analysis in Section A will include reviewing, for each alternative: feasibility, major advantages and disadvantages, benefits to the public, and the extent to which the alternative provides for the continued transportation of the quantity and types of products now carried by the existing Straits Pipelines and the remainder of Line 5 within Michigan. Section B will analyze the risks of each alternative. Section C will analyze the costs and economic impacts of each alternative.

II-A – Alternatives Analysis

1. Constructing one or more new pipelines which do not cross open waters of the Great Lakes and then decommissioning the existing Straits Pipelines.

Construction of alternative pipelines would not cross open waters of the Great Lakes. This analysis will consider regulatory requirements and timeframes associated with pipeline replacement such as permits, siting, land acquisition and routing.

2. Utilizing existing alternative pipeline infrastructure that does not cross the open waters of the Great Lakes and then decommissioning the existing Straits Pipelines.

This would include consideration of other pipeline infrastructure located in Canada, other states, and elsewhere in Michigan.

3. Utilizing alternative transportation methods and then decommissioning the existing Straits Pipelines.

The following alternative transportation methods shall be reviewed and analyzed. (Delivery or distribution to final consumers shall not be considered in this review, only bulk product transportation.)

- a. Rail: The analysis shall consider current technology and safety standards associated with rail cars. The analysis should also include the increase of rail cars needed to meet demand of oil transportation if Straits Pipelines were shut down.

The following alternative transportation methods shall only be analyzed in detail if preliminary review indicates the transportation method could be an economically and environmentally viable option. If it is not considered a viable option, the alternative transportation methods shall not be further considered.

- b. Tanker Truck: The analysis shall consider the increased volume of tanker trucks that would be required to meet the demand of oil transportation if the Straits Pipelines were shut down.
- c. Oil tankers and barges: The analysis shall consider the current fleet of oil tankers and barges and their ability to meet the demand for oil transportation if the Straits Pipelines were shut down. If demand could not be met, the number of vessels needed and the associated impacts of more vessels on the Great Lakes shall be assessed.

- d. Others: The analysis shall include other forms of transportation that may be available, but not specifically outlined in this scope.
4. Replacing the existing Straits Pipelines using best available design and technology.

The analysis shall include a comprehensive review of technology and design that could be used to replace the current pipeline, including, but not limited to, placing the entire length of the pipelines beneath the lake bed.

5. Maintaining the existing Straits Pipelines, including an analysis of the effective life of the existing pipelines.

The analysis shall consider maintaining the current Straits Pipelines. This analysis shall include a comprehensive engineering analysis of the current condition and operation of the existing pipelines. The comprehensive engineering analysis of current conditions shall include operator's identified integrity standards for the pipeline and protocols for detecting and responding to departures from those standards. The analysis shall also consider how long the existing pipelines can reasonably be operated without replacement as well as the course of action for replacement based on the estimated useful life of existing pipelines.

6. Eliminating all transportation of petroleum products and natural gas liquids through, and then decommissioning, the Straits of Mackinac segment of Enbridge's Line 5.

This analysis shall consider the feasibility and consequences of two scenarios:

- a. Relying on other existing pipeline infrastructure to transport to market the petroleum products and natural gas liquids currently transported through the Straits of Mackinac segment of Enbridge's Line 5.
- b. No longer transporting to market the petroleum products and natural gas liquids currently transported through the Straits of Mackinac segment of Enbridge's Line 5 and the remainder of Line 5 located within Michigan.

II-B – Alternatives Risk Analysis

The analysis shall consider the risks associated with each alternative. The risk analysis shall consider, for each alternative, in a worst-case spill or release scenario:

1. Potential public health and safety impacts;
2. Potential environmental impacts;
3. Potential natural resources damages, including, but not limited to, damages to the Great Lakes;
4. Potential response and clean-up costs; and
5. Potential economic impacts to the Great Lakes Region.

The identification of a worst-case spill or release scenario for each alternative should be consistent with the approach described in Part II-A of the Request for Information and Proposals for an Independent Risk Analysis for the Straits Pipelines concurrently issued by the State.

The risk analysis should also consider both the probability and magnitude of a spill or release for each alternative. It should also include a comparison of risk from one transportation method to another.

II-C – Costs and Economic Impacts

1. Cost analysis of each alternative shall be analyzed.
 - a. New pipeline – The analysis shall include a complete cost analysis for construction of a new pipeline that does not cross the open waters of the Great Lakes.
 - b. Alternate pipeline routes – The analysis shall include costs associated with utilizing existing pipeline infrastructure for alternate land based routes.
 - c. Alternative transportation methods – The analysis should compare each alternative transportation method to each other as well as to pipeline transportation. This item should focus on the cost of transporting a unit of product by each alternative transportation method.
 - d. Replacing the existing Straits Pipelines using best available design and technology.
 - e. Maintaining existing Straits Pipelines.

- f. Eliminating all transportation of petroleum products and natural gas liquids through the Straits Pipelines.

2. Economic impact to the local, state, and regional economy.

The analysis shall review the economic impacts of each alternative. Local, state, and regional level analysis shall be conducted. All factors of economic growth or decrease shall be evaluated including but not limited to:

- a. Increase/decrease of jobs;
- b. Increase/decrease of tax revenue;
- c. Impacts to petroleum product consumers, producers and pipeline end users (e.g.. oil refineries);
- d. Impacts to natural gas liquids producers, distributors, sellers and consumers; and
- e. Increase/decrease cost to consumers if each alternate transportation method or complete pipeline shut down were to be implemented.

II-D Deliverables

The contactor(s) will according to a schedule agreed with the State:

1. Prepare one or more draft reports of the analysis;
2. Prepare and conduct one or more public information presentations on the draft analysis;
3. Consider and respond to comments on the draft report(s);and
4. Prepare the final report(s).

PART III

CONTENTS OF RESPONSE

Any response to the Request for Information and Proposals must contain all the information specified below.

III-A Business Organization

Please identify:

1. The full name, address, and legal form of the organization submitting the Response, and if applicable, the office or element of the organization that will perform or assist in performing the work.
2. The full name, address, and legal form of each subcontractor, if any, that is proposed to perform or assist in performing the work, and the relevant tasks in the Scope of Work on which they would be involved.
3. The person within the organization, and if applicable, each proposed subcontractor, who would have primary supervisory responsibility for the work.
4. The designated point of contact within the organization, and if applicable, for each proposed sub-contractor, for communications with the State on the project.

III-B Qualifications and Relevant Experience

Please provide for the organization, and each proposed sub-contractor:

1. The names, qualifications and relevant experience (including resumes or curriculum vitae) of the individuals who would perform the work and information relating the experience and qualifications of those individuals to the particular tasks in the Scope of Work that they would be expected to perform.
2. Recent, representative examples of current or prior projects performed by the individuals as well as contractor and any subcontractor(s) who would perform the Scope of Work relevant to those assignments. Please identify, if applicable, publically available copies of the prior relevant reports or publications.
3. References, if available, to former clients for whom the individuals have performed work relevant to the kinds of tasks included in the Scope of Work.

III-C Information Relevant to Potential Actual or Apparent Conflicts of Interest

Please provide for the organization and each proposed sub-contractor:

1. Detailed information regarding any prior, current, or anticipated future relationship with Enbridge Energy Partners, any of its affiliates, or any other entity, that could give rise to potential actual or apparent conflict of interest.
2. With respect to any information provided in response to Part III-C 1., a detailed explanation of why an actual or apparent conflict of interest would not arise, or the measures that would be taken to avoid such a conflict.

III-D Proposed Methodology and Design for the Analysis in the Scope of Work

Please provide for the organization and each proposed sub-contractor:

1. A detailed description of the methods and resources that would be used to perform each element of the Scope of Work.
2. The steps that would be taken to identify and maximize the use of any available relevant information in order to complete the Scope of Work as efficiently as possible.
3. Any recommendations to the State about potential prioritization of, or changes to, the tasks identified in the Scope of Work that could more efficiently achieve the stated objectives of the Analysis.

III-E Proposed Schedule

Please provide for the organization and each proposed sub-contractor:

1. The proposed schedule for sequencing and completing the tasks identified in the Scope of Work.
2. The supporting rationale for the proposed schedule.
3. Any recommendations to the State about potential prioritization of, or changes to, the tasks identified in the Scope of Work that could expedite the completion of the work while still achieving the stated objectives of the Analysis.

III-F Proposed Budget

Please provide for the organization and each proposed sub-contractor:

1. The proposed budget for all time and materials for completing the tasks identified in the Scope of Work.
2. The supporting rationale for the proposed budget including, without limitation, market rates for comparable professional services.
3. Any recommendations to the State about potential prioritization of, or changes to, the tasks identified in the Scope of Work that could reduce the cost of the work while still achieving the stated objectives of the Analysis.