

United States Department of Energy  
United States Energy Association  
Promoting Domestic and International Consensus on Fossil Energy Technologies (CONSENSUS)

## **REQUEST FOR PROPOSALS**

### **ANALYSIS OF FINANCIAL RESPONSIBILITY OPTIONS AS PART OF THE UNDERGROUND INJECTION CONTROL PROGRAM'S CLASS VI REGULATIONS**

**Questions Due: March 19, 2018**

**Proposals Due: April 13, 2018**

#### **Background**

In 2010, the Environmental Protection Agency (EPA) moved to regulate the geologic storage of carbon dioxide (CO<sub>2</sub>) through the Safe Drinking Water Act (SDWA)'s Underground Injection Control (UIC) program. The new category of well, known as Class VI wells, are used to inject CO<sub>2</sub> into deep rock formations. These requirements, also known as the Class VI rule, are designed to protect underground sources of drinking water.

The Class VI rule builds on existing UIC program requirements, with extensive tailored requirements that address carbon dioxide injection for long-term storage to ensure that wells used for geologic sequestration are appropriately: sited, constructed, tested, monitored, funded, and closed. A requirement of obtaining a Class VI permit is a demonstration of financial responsibility. Financial responsibility requirements are designed to ensure that owners or operators have the resources to carry out required Geologic Storage (GS) activities related to closing and remediating GS sites if needed, during injection or after wells are plugged, so that they do not endanger Underground Sources of Drinking Water (USDWs). These requirements are also designed to ensure that the private costs of GS are not passed along to the public.

#### **Scope of Work**

The United States Energy Association (USEA), in cooperation with the U.S. Department of Energy Office of Fossil Energy (DOE), seeks proposals for a consultant to undertake a review of Class VI permits, both finalized and permits which were not completed, to assess methods which companies have used or could potentially use to demonstrate financial responsibility. A component of this project will also be to engage with project developers, as well as financial entities, to assess the viability and applicability of a number of available mechanisms, including how they apply to Class VI requirements and any recommendations for future permit applications under Class VI regulations. The intention of this study is twofold: first, to inform future geologic storage demonstration programs through a refining of costs which will aid the

Department of Energy in assessing future projects, and second to provide potential projects with a list of mechanisms beyond those which they may already consider.

In doing so the Consultant will perform the following tasks:

**TASK 1. REFINE PROPOSED SCOPE OF WORK**

- The Contractor will facilitate a face-to-face or electronic meeting of the parties participating in or supporting this contract.
  - Parties shall include: members of the Insurance industry who have shown interest in insuring geologic storage projects; potential project managers or participants, including members of the Regional Carbon Sequestration Partnerships and any projects who have applied for Class VI permits, representatives from the US Department of Energy's Office of Fossil Energy, and any other research or financial organizations who may have interest in UIC Class VI permits.
- Prepare letters of invitation to selected meeting participants
  - The invitation list shall be shared with input requested from representatives from DOE's Office of Fossil Energy, and be limited to a reasonable number to be identified, based on schedule, availability, and meeting space.
- Identify meeting location
  - Must be done in coordination with USEA and USEA retains final approval.
  - If and when possible, meetings will be held at the USEA office conference room at 1300 Pennsylvania Ave NW, Washington DC 20004.
    - If there is no space available or if there is ample justification for a meeting outside of Washington, then with USEA's approval an alternative location can be considered.
- Work in close cooperation with USEA to ensure it is actively involved in developing and approving meeting materials and develop an agenda that covers the following goals and outcomes:
  - Summarize EPA's Guidance document, dated December 2010 titled Research and Analysis in Support of UIC Class VI program: Financial Responsibility Requirements and Guidance Pro-forma business models for sub-regional ICCUS pilot projects;
  - Present the Scope of Work for this effort;
  - Seek input from meeting participants regarding the methodology and approach proposed to be used to execute Task 2 and Task 3 (below) and facilitate a discussion of mechanisms that might be analyzed to a greater

extent in Tasks 2 and 3 that, in the judgment of the meeting participants, might be used to address and overcome the identified barriers.

- Meeting participants will be asked to identify industry participants who might be able to provide expertise on financial responsibility aspects being addressed in Task 3.
- Working in close cooperation with USEA, prepare a summary report detailing meeting proceedings containing a list of participants, complete with contact information. This meeting summary will be included in the interim and final reports.

## TASK 2. REVIEW OF FINANCIAL RESPONSIBILITY IN EXISTING PERMIT ACTIONS

Review and assess the financial responsibility mechanisms used in finalized or pending Class VI permits, and prepare a white paper in order to better enable the planning of future Class VI projects undertaken by the DOE or industry participants. Specific aspects of the report shall include:

- An assessment of mechanisms which have been (or proposed to have been) used to demonstrate financial responsibility for Class VI permits
- A review of other potential mechanisms available and their appropriateness in Class VI permits
- An assessment of the costs of financial responsibility mechanisms which have been used and assessment of potential future options
- Recommendations for addressing financial responsibility for future projects, delineated based on project structure
- Recommendations for next steps, including potential policy solutions to any identified issues, follow up studies, or potential research and development

In addition, the scope of work may be adjusted to include other mechanisms which the Contractor may find useful in determining financial responsibility, including methods used to complete the permit process. The scope of work will be reviewed with the contractor, as stated in Task 1 above.

## TASK 3. ROUND TABLE DISCUSSION WITH MEMBERS OF FINANCIAL INSTITUTIONS

Identify members of the finance community and facilitate a round table discussion to illicit options which may provide financial responsibility for Class VI permits. The consultant will:

- Identify meeting location

- Must be done in coordination with USEA and USEA retains final approval.  
If in Washington, DC the meeting will be held at USEA's office.
- Invite participants drawn from the finance community, including insurance professionals, finance specialists, and project developers
- Facilitate discussions on the mechanisms and options that may be used to demonstrate financial responsibility, with the goal of establishing recommendations for future projects which may need to procure Class VI permits
- Prepare a report summarizing the meeting proceedings with recommendations for next steps to be presented along with the report developed in Task 2

### Proposal Preparation

Interested parties are requested to submit a cost proposal and a brief technical proposal of 4-5 pages, including the following:

- Qualifications Statement demonstrating experience with geologic storage of CO<sub>2</sub> and the EPA's UIC program requirements; a proven network of relevant stakeholders; experience facilitating discussions among the financial community; and experience reviewing and reporting on financial responsibility requirements
- Demonstrated understanding of the Underground Injection Control program and current methods companies use to demonstrate financial responsibility with clear examples of past work (may be included in annex)
- Technical Approach to organizing the initial stakeholder meeting and financial community-focused roundtable discussion:
  - Establishment of a clear plan and methodology to execute the scope of work with intent to identify recommendations;
  - Number and length of trips necessary to organize and conduct the two meetings;
  - Process to be used to identify the meeting participants and develop agendas with an emphasis on cooperating and coordinating with USEA
  - Approach to developing the white paper to better enable the planning of future Class VI projects undertaken by the Department of Energy or industry participants.

**Note:** *The proposal should also include, as an appendix, copies of the resumes of the individuals nominated to work on this project, indicating the specific tasks they will be performing through the scope of work outlined in this RFP.*

The sub-agreement between USEA and the winning offer will be structured as a fixed sub-agreement for labor, fringe benefits and overhead. USEA will fund other direct costs, including

travel (transportation, lodging and a U.S. Government approved daily meals and incidental allowance) directly. USEA will also fund directly all costs necessary to conduct the meetings. The cost proposal should include an estimate of the number of trips required to organize and conduct each of the two meetings. Labor costs should include a level of effort for each person proposed to work on this assignment, their daily loaded rate, and the total estimated charge for each individual proposed.

### Selection Criteria

The following criteria will be used to evaluate proposals:

20% -- Proven experience in, and knowledge of, geologic storage of CO<sub>2</sub> and the EPA's UIC program requirements including an understanding of the technology and the financial, commercial, environmental, regulatory and technological impacts associated with it.

20% -- Strong financial understanding with ability to assess and recommend proper mechanisms for demonstrating financial responsibilities

20% -- Familiarity with the relevant stakeholders and financial community with a proven network of contacts with organizations who may have interest in UIC Class VI permits

35% -- Price

5% -- Attention to detail

### Schedule

Interested parties are requested to register their interest prior to March 19, 2018 via email to the following mailbox: [proposals@usea.org](mailto:proposals@usea.org). Registering interest will ensure you receive all questions submitted by interested parties and the corresponding responses from USEA.

Questions on the terms of this request for proposals must be submitted prior to March 19, 2018 by email to the following mailbox [proposals@usea.org](mailto:proposals@usea.org).

All questions received and their corresponding responses will be distributed to all parties registering interest in this request for proposals.

Final proposals must be submitted by email by the close of business on April 13, 2018 to the following mailbox [proposals@usea.org](mailto:proposals@usea.org).