

TEXAS GENERAL LAND OFFICE (GLO)

Frequently Asked Questions about the Request for Proposal (RFP) Process:

Q. Do I have to submit an RFP to purchase gas?

A. No. You may choose to do an RFP, but you can avoid this process by using a pre-approved interagency/interlocal contract.

Q. What happens if I choose to issue an RFP?

A. Before you place an RFP on the Texas Market Place website, the GLO must review and approve your RFP, as indicated in the Texas Administrative Code 8.3.

Q. What timetable should be established for the RFP process?

A. Typically, the RFP process needs to be completed to allow enough time for the GLO to review and approve the contract as well as enough time to notify the local distribution company of the customer's intent to switch suppliers. A typical process will take between 2 and 3 months.

Frequently Asked Questions about the Gas Program:

Q. What is Gas Transportation Service?

A. Transportation service allows customers the option of purchasing their gas from another supplier other than the local distribution company. Each LDC has its own requirements for transportation services, and normally requires a minimum of 30 days advance notice to switch suppliers.

Q. What is included in the cost of your Natural Gas service?

A. Commodity Cost: The cost of the natural gas itself.

Transportation Cost: The cost of delivering the natural gas from the supplier or producer to the customer's receipt point.

Fuel Cost: Natural gas pipelines consume volumes of natural gas in their operations to fuel compressor stations and to make up for lost and unaccounted for gas. Pipelines frequently require their shippers to contribute a percentage of the volumes of natural gas tendered for transportation for these operation purposes. The fuel cost would be the value of the percentage of volumes tendered for transportation.

Balancing Cost: The cost applicable to a customer's adjusted imbalance volume when balancing services are being utilized.

Q. What is the difference between city gate and burner tip?

A. City gate is the physical connection of a pipeline and the pipeline of your local natural gas utility. Burner tip is the point where natural gas is ultimately used (your facility, as measured by your meter). The difference between city gate and burner tip prices is the rate the utility charges for transportation and line loss.

Q. Changing suppliers is a big decision. What advice can you offer?

A. Be sure you fully understand any arrangement that you agree to and understand the terms of the agreement before signing. The GLO is here to help and can review and perform analytics to assist our customers when making the final determination. Because the GLO program is intended to always have a public benefit, the GLO will not enter into an agreement with a potential customer unless the price is equal to or lower than what could otherwise be obtained by the customer.

Q. If I do decide to choose the GLO as my supplier, how do I sign up to become a customer?

A. Once you have chosen the GLO as the supplier, we will provide you with an Interagency or Interlocal contract to participate in our program.