

CLARIFICATIONS/RESPONSES TO QUERIES #1

DATED:

Request for Proposals for Supply of up to 37 MW (Net) of Electricity Generation from Renewable Energy Resources on a Build, Own and Operate (BOO) Basis Clarification Questions

1. Can the OUR provide a link to the Generation code and JPS interconnection guidelines, which were referenced in the RFP? Efforts to locate the documents on the OUR's website did not prove successful. Additionally, is there a Transmission and Distribution code document available? If yes, can the OUR share same?

Answer: See below for the link to the Generation Code 2013. Please note that the Generation Code includes the requisite interconnection guidelines. However each project will need its own particular interconnection specification. The Transmission and Distribution Codes are still at the draft stage.

Generation Code

<http://www.our.org.jm/ourweb/sectors/electricity/general-regulatory-policy/jamaica-electricity-sector-generation-code-july-2013>

2. The RFP (Page 17) specifies a construction time of 1.5 years for Energy Only Projects and 2.5 years for Firm Capacity Projects. A hydropower project solicited for Energy Only would take over 1.5 years. What consideration will be given to extending the construction timeline for Hydropower Energy Only Projects? For example, could a hydropower energy only project be allowed the 2.5-year construction time specified for Firm Capacity Projects?

Answer: The OUR has considered the matter and will allow hydro projects a construction period of two and a half (2.5) years. An addendum to the RFP will be issued adjusting the proposed commissioning deadline for hydroelectric power projects accordingly.

3. What is the OUR's projected turnaround time for queries/questions?

Answer: The OUR intends to respond as soon as possible. However, time to respond could vary significantly, depending on the volume and nature of the questions.

4. In the event the OUR requests that the bid validity period be extended beyond one year, what allowances/considerations (in terms of additional time and cost) would the OUR make in order to support proposers being able to extend the bid validity period (bearing in mind that changing economic circumstances and other factors may make contractors, vendors etc. less likely to extend the validity period on quoted prices)? For example, would the OUR allow proposers to increase certain costs by a percentage margin (to be set by the OUR), provided reasonable justification can be made for same?

Answer: No change in bid proposals will be allowed as part of an extension of bid validity. Should the bidder agree to extend the validity of its bid, the extension applies to the original bid as submitted.

5. What does "37 MW (Net)" mean? Is it referring to 37 MW after capacity factor considerations have been taken into account or is it referring to 37 MW of nameplate capacity?

Answer: 37 MW (Net) means the aggregate amount of power at site conditions, delivered to the grid at the interconnection point.

6. Can the OUR provide a copy of the PPA template that will be used to support electricity sales to JPS?

Answer: An addendum to the RFP will be issued attaching templates of the applicable power purchase agreements for Firm Capacity and Energy Only projects respectively. These will be uploaded to the OUR's website.

7. Page 42 of the RFP indicates "Firm Capacity Proposals must be able to guarantee the delivery of power upon request with availability of at least 90%." Should we assume this means guaranteeing the proposed firm capacity for 90% availability for any given year?

Answer: Yes that is correct. A minimum of 90% availability is required in any given year.

8. What is the current/ most recent avoided cost (for firm and energy only RE plants) declared by the OUR? Is the 15% premium for renewable energy projects still in effect?

Answer: The most recent avoided cost is as per the link below. The 15% premium does not apply for this process.

<http://www.our.org.jm/ourweb/sectors/declaration-indicative-generation-avoided-costs>

9. In the case of successful applicants, can the proposal security be used to offset the Performance Security Deposit (provided the bond is written in such a way as to allow this to be done)?

Answer: Yes, to the extent that the terms of the Proposal Security allow for this.

10. Is JPS required by the PPA, Generation licence or any other agreements that governs the electricity sector or projects to take/pay for all the renewable electricity from projects that will be commissioned in response to the current RFP?

Answer: No. If successful, the project becomes a part of the national grid and may experience outages as a part of the operation of the grid through *inter-alia* maintenance, acts of God, accidents and system operations. Otherwise, the grid operator is supposed to take energy on an as available basis for Energy Only Proposals, or as dispatched by the grid operator, in the case of Firm Capacity Proposals.

11. At the proposal submission stage, what kind of documentation does the OUR require as proof that Project Sponsors have access to proposed sites? Similarly, what kind of documentation does the OUR require as evidence of sufficient environmental and regulatory compliance?

Answer: The type of documentation expected regarding access to proposed sites for the Project would include a title or lease agreement for the property in the sponsor's name or a suitably executed agreement with the registered property owner indicating that permission has been granted or will be granted for use of the property for the type of project and duration, should the sponsor be selected to develop the project.

The requirement for sufficient environment and regulatory compliance would be documentation showing the extent to which Project Sponsors have engaged the relevant environmental and

regulatory agencies and that these agencies have no immediate objection to the development of the project.

12. Does the OUR have a set depreciation period for the project assets?

Answer: No. However, the project is required to be viable for at least twenty (20) years after the required Commercial Operations Date matching the duration of the Power Purchase Agreement.

13. Can the OUR provide information on tax exemptions that would be applicable for new electricity generation assets? Alternately, if the OUR does not have this information, can the OUR point us to the relevant agency or institution?

Answer: JAMPRO, the government agency responsible for investment promotion, will be able to provide further information in this regard. JAMPRO's website is:

<http://www.jamaicatradeandinvest.org/investment/sectors/energy/opportunities>

14. Regarding the sealing and labelling of proposals, once the main envelope/box has been labelled as specified on Page 42 of the RFP, should the contents be separately packaged, i.e., should the financial proposal be in a separately marked envelope from the technical proposal?

Answer: The contents of the proposal should be properly labelled and/or indexed, but there is no requirement to put the technical information and financial information in different envelopes.

15. How will the economic evaluation of proposals be done? Will the evaluation be based on the lowest price (for example, the lowest priced proposal would receive the maximum points allocated as part of the Stage 3 Evaluation)?

Answer: The evaluation will be based on assessing the least overall cost impact of the proposal on the tariff, including transmission impact. The Applicant is required to provide technical information on its plant that will allow it to be modelled onto the transmission system. The impact on the transmission system will be evaluated to determine what will be required and its cost to accommodate the project on the system. That cost will be taken into account in selecting the best proposal, or group of proposals, up to the 37 MW (Net).

16. At the proposal submission/evaluation stage, what kind of documentation does the OUR require as proof that Project Sponsors/Applicants have secured the requisite financing for the proposed project(s)? That is, what would the OUR consider as sufficient evidence that Applicants have secured the financing needed to implement the proposed project(s) and what form should that finance commitment take?

Answer: As summarized from the 146th paragraph in the 37 MW RFP; positive credit reports for the Applicant and its equity partners will be evaluated as part of this criteria. Audited financial statements of the Project sponsors and letters of interest inclusive of term sheets from reputable financial institutions are also required.

17. Proposal Security: Paragraph 98th of the RFP (4th bullet) states that the Proposal Security will be returned when the Applicant has executed the Project Agreements and has furnished the require Performance Deposit. The definition of Project Agreements (on page 9 of the RFP) includes "Collectively the Power Purchase Agreement, Licence and all other related agreements necessary

for the development and operation of the project”. Can you define or give examples of any other related agreements necessary for the development and operation of the project? We are concerned that this language is overly general and could be interpreted to include all documents related to the remaining project development which would occur between execution of the PPA and Licence and the start of project construction.

This would cause a conflict with the definition of Performance Security (page 8 of the RFP) which specifies that the Performance Security must be furnished within ten (10) Days after the later of the date on which the Licence and PPA are signed. This definition makes no reference to “Other related agreements necessary for the development and operation of the project”

Please confirm a circumstance where the conditions needed to furnish the Performance Security Deposit may occur prior to the conditions of release of the Proposal Security (other than furnishing the Performance Security Deposit. If not, please amend or clarify that this language to make it clear that milestones that would require the furnishing of the Performance Security Deposit are the same as those needed to return the Proposal Security.

Answer: In the 98th paragraph, instead of a reference to “Project Agreements”, the requirements for the return of the Proposal Security in bullets 3 and 4 have been adjusted and expressed as outlined below. This change will be made in an Addendum to the RFP.

- **In the event that the Power Purchase Agreement(s) and Licence(s) have been executed or issued, as the case may be, and the required Performance Security Deposit(s) have been paid in relation to the quota of 37 MW of electricity procured from other Applicants; or**
- **In the event that the Applicant has executed the Power Purchase Agreement, been issued its Licence and has furnished the required Performance Security Deposit.**

18. Performance Security Deposit: Paragraph 165th states that the Performance [Security Deposit] shall be valid until the Project Company posts a Construction Security Deposit (which is required to be posted thirty (30) Days prior to the Commencement of Construction). Paragraph 174th, however, specifies (in bullet 6) that “a” Performance Security Deposit be used to secure the performance of the EPC contractor and the warrantee period. Given that the Performance Security Deposit will be returned prior to the commencement of construction, it cannot be used to secure these items.

Please clarify the intent of paragraph 174th

Answer: The reference to Performance Security Deposit in the sixth bullet of the 174th paragraph of the RFP was an error and will be changed to “Construction Security Deposit” by way of an addendum to the RFP.

19. Construction Security Deposit:

Please confirm if the Construction Security Deposit can be furnished in the same forms as provided in paragraph 94th for the Proposal Security and 164th for the Performance Security Deposit in the form of a certified cheque, or an unconditional letter of credit, issued by a reputable financial institution.

It is not stated in the RFP when the Construction Security Deposit would be returned. Is it expected that the Construction Security Deposit would be returned once the construction is completed and the project can demonstrate it meets its PPA requirements?

Answer: The provisions governing the terms and form of the Construction Security Deposit are in the Power Purchase Agreement (PPA). The applicable forms of the PPAs will be issued via an addendum to the RFP and posted on the OUR's website.

20. Liquidated Damages:

Can additional information be provide as to the nature of liquidated damages that would apply to energy only contracts? Since actual generation from such plants will depend on the solar and/or wind resource available from time to time, it is not clear what measurement will be used to determine compliance with the PPA.

Answer: Liquidated damages will be applicable under the Power Purchase Agreement to Energy Only Projects only in instances where the project is not commissioned and operational by the required commercial operations date, as defined in the agreement. Liquidated damages will not be payable for any other reason. This will be expressly provided for in an addendum to the RFP.

21. Draft Power Purchase Agreements:

Do you plan to issue draft Power Purchase Agreements for bidder information? If so, when. Will OUR be seeking comments on the draft PPA?

Answer: Updated forms of the Power Purchase Agreements (PPAs) respectively for Energy Only and Firm Capacity projects will be issued via an addendum to the RFP and posted on the OUR's website. Comments on the PPAs had already been solicited and received through a Request for Comments issued on 2015 May 21. Potential bidders however may seek clarifications on the PPAs, which form a part of the RFP, in accordance with section 2.1.1 of the RFP.

22. Is the formal RFP available, how can it be accessed and is there a cost?

Answer: Yes. The Request for Proposal for Supply of up to 37 MW (Net) of Electricity Generation from Renewable Energy Resources on a Build, Own and Operate (BOO) Basis dated 2015 July 31 can be accessed, free of cost on the OUR website (www.our.org.jm). The document can be found on the first page of the website under "Latest Projects".

23. Is a bid security required?

Answer: Yes, a Proposal Security in the amount of one percent (1%) of the expected total capital cost of the Project is required. Please see RFP for details.

24. Is this for a single location project or multiple locations?

Answer: There are no pre-identified locations. Multiple locations are allowed. The prospective bidder should select its own site as addressed in the RFP.

25. Has the location or locations been identified and what are their proximity JPS power lines?

Answer: No. Possible Project locations have not been identified. The prospective bidder is responsible for all interconnection matters pertaining to its chosen Project site as addressed in the RFP.

26. What is the projected start date and completion date for project(s)?

Answer: The RFP and related addendum indicate the proposed construction start date and commissioning dates for the Projects. The projected construction start date for projects is 2017 July 3 and the required commercial operations dates are 2018 December 28 for energy only projects, and 2019 December 27 for firm capacity and hydroelectric projects respectively.

27. Have any environment impact studies done?

Answer: No. The prospective bidder is responsible for all aspects of its bid, including any studies as indicated in the RFP.

28. Is there a Guarantee rate per MW for the power purchase agreement?

Answer: There are no guaranteed rates per megawatt. The prospective bidder is to provide a proposed tariff as indicated in the RFP.

29. What entity will purchase the produced power?

Answer: The Jamaica Public Service Company Limited is the operator of the national grid and will be the purchaser of power produced by successful Projects, as indicated in the RFP.

30. What is the proposed lifespan period of the proposed power purchase agreement (PPA)?

Answer: The PPA will be for twenty (20) years as indicated in the RFP.

31. Can the Build Owner Operator sell the project afterwards, if yes at what stage?

Answer: Any change in ownership of the Project for any reason will be subject to the applicable provisions and approvals specified in the RFP, Power Purchase Agreement and Licence.

32. Will the Government and OUR assist in the expediting the necessary approvals?

Answer: Securing the necessary Project approvals will be the sole responsibility of the prospective bidder as indicated in the RFP. Bidders are encouraged to contact the relevant government agencies regarding their timelines and conditions for granting approvals. JAMPRO is a government agency that may be able to provide some assistance. See link below to its website:
<http://www.jamaicatradeandinvest.org/investment/sectors/energy/opportunities>

33. Are tools, equipment and machinery for this proposed installation subject to import duties and taxes? If yes, what tax and at what rates?

Answer: The prospective bidder is responsible for meeting with the relevant agencies to determine any taxes, duties etc. associated with its proposed project as indicated in the RFP.

JAMPRO is a government agency that may be able to provide some assistance. See link below to its website:

<http://www.jamaicatradeandinvest.org/investment/sectors/energy/opportunities>

34. Is there a guarantee minimum return on investment?

Answer: No.

35. In paragraph 146 (pg. # 40 in the RFP) please clarify the following statement; "If the Applicant is relying on the financial information of associated entities then the associated entities must provide written declaration of consent along with supporting power of attorney."

Our concern with this part of the paragraph is that it discriminates against large generation capacity projects that will inevitably require financing from multilateral financiers (such as IADB, IFC, OPIC etc.). These finance institutions do not view signing a power of attorney favorably. This section of paragraph 146, which was not present in the 2012 release of the RFP, will significantly decrease the number of respondents to this RFP. A similar issue (Power of Attorney) exist with paragraph 147 as it relates to overseas technical partners participation. Please re-examine the need for this clause and advise of any potential alternatives that will make responses to the RFP less limiting.

Answer: The term "associated entities" in paragraphs 146th and 147th of the RFP is a reference to co-applicants and/or equity partners, and does not include debt financiers. The Power of Attorney mentioned in paragraphs 146th and 147th of the RFP provides evidence of the consent of the associated entities to the Applicant to use and rely on their financial statements, technical competence or experience, as the case may be.

36. Paragraphs 93 to 97 (pg. # 29 in the RFP) deals with furnishing a proposal security of 1% of the project capital cost with each Proposal. Please provide feedback on the following Statement; "Any Proposal not submitted with a Proposal Security acceptable to the OUR shall be rejected."

Our concern with these paragraphs (93 - 97) is that they will limit participation in the RFP on the basis that a 1% proposal security is an excessively large amount of capital that is held at risk without a definitive PPA. As written, the RFP favors projects that are smaller in terms MW as they will more likely be able to have 1% be at risk for the time period outlined in the RFP. It is worth noting that this issue was addressed in the previous 2012 RFP by the release of Addendum # 1. Please change the requirement for a proposal security until after the applicant has been notified of ranking.

Answer: We have found it prudent to retain the requirement for submission of a proposal security at the time of bid submission.

37. Paragraph 150 (pg. # 40 - 41) outlines stage 1 evaluation scores. The sum of the evaluation scores seem to add up to 90% not 100%. This begs the question of which category of the evaluation will the OUR use to supply the remaining 10%. Please provide clarification?

Answer: The criteria set out at items A – E of the 150th paragraph total 100%.

38. The Tables in Exhibit 10 (pg. # 72 - 74) are incorrectly numbered. There are two Table 5-2. Please clarify/correct

Answer: This is an error. By way of an addendum, the tables in Exhibit 9 will be relabelled 5-1 (i) and 5-1 (ii).

39. Paragraph 155 section 2.7.10 (pg. # 45) states the following; "Dynamic Model and Data of generator for stability compatible and which can be successfully imported into DlgSILENT PowerFactory and PTI PSS/E power systems software."

Is the intent to have the applicant supply 2 models, one compatible with DlgSILENT PowerFactory and the other compatible with PTI PSS/E? Or is the intent to supply one model compatible with both softwares? This statement could also be interpreted to mean supplying one model that is compatible with either DlgSILENT or PTI PSS/E software with the applicant choosing which one to include. Please clarify.

Answer: The Applicant should investigate the import requirements for both PTI PSS/E and DlgSILENT PowerFactory and choose either to submit a format that is compatible with both or an individual format for each software.

40. Reference is being made to the caption. The first tranche applicants of the 115MW (total) procurement for new generation from renewable technologies were provided a waiver for the 1% Proposal Security [then Addendum 1]. In that instance the Proposal Security would only become due by companies that were selected for an award of a generation license.

In light of the fact that this 37MW is completing the 115MW procurement exercise for new generation and given that the previous applicants at tranche 1 (successful and unsuccessful) received a waiver of this deposit, respectfully, only for consistency purposes could the OUR consider extending the same waiver condition to applicants for the 37MW RFP for new generating capacities from renewable technologies?

Answer: We have found it prudent to retain the requirement for submission of a proposal security at the time of bid submission.