

FOR IMMEDIATE RELEASE

OUR Moves to Next Ranked Bidder to Provide Base Load Capacity to the National Grid

(KINGSTON, Jamaica; October 4, 2013): The OUR will today proceed to offer the opportunity to provide base load generating capacity to the national grid to the second highest ranked bidder as ranked by international consultant, Mott MacDonald.

The OUR has posted the Executive Summary of the Evaluation of the bids for Base Load Capacity project on its website. It can be accessed via the following link:
http://www.our.org.jm/ourweb/sites/default/files/documents/sector_documents/eval_of_base_load_capacity_project_executive_summary.pdf

Azurest-Cambridge Joint Venture Association with Waller Marine Inc. (Azurest-Cambridge) failed to make the required posting of a security bid bond the final date for which was October 3, 2013. The bid bond represented 1% of the total investment cost of the proposed project. The consortium had been given fifteen (15) days to furnish the OUR with the bond, after it was named highest ranked bidder in the bid evaluation exercise.

In a letter to the OUR yesterday, Azurest-Cambridge requested an additional fifteen working days to post the bid security. However, in keeping with the requirements of the OUR's Instructions for Final Proposals the request was denied.

The OUR will now inform the next ranked entity, Energy World International/Pacific LNG (EWI) that it has fifteen (15) days as of October 4, 2013 to provide its bid bond. As with Azurest-Cambridge, conclusion of a formal arrangement with EWI is conditional on the completion of aspects of due diligence on the Company and its principals by the Financial Investigation Division (FID) which had been requested to carry out this exercise for all bidders.

To better inform public discussion and to further clarify the reason for its decision, the OUR considers it important to furnish the following information with respect to its computation of the comparative rates that were offered by the selected entities.

The economic rankings were done in a standardised manner based on the impact of the proposed tariff schedule of each bidder on the system over the expected 20 years contract period. The Azurest-Cambridge natural gas proposal indicated an all-in price of US 13.90 cents per kWh with the EWI's two proposals also providing for natural gas showing a price of US 14.56 cents per kWh. Azurest/Cambridge's heavy fuel oil (HFO) proposal was next at US 16.35 cents followed by the Energise's offer at US 18.27 cents. Energise proposed to run the plant initially on HFO, at a price of US 21.54 cents, for one or two years until gas became available. Optimal's natural gas offer was at US 18.30 cents while it proposed two alternative solutions using HFO at US18.39 cents and US 19.21 cents. (See results below):

Rank	Bidder	Standardised Bid Price (US c/kWh)	Fuel Type
1	Azurest /Cambridge	13.90	Natural gas
2	EWI	14.56	Natural gas
3	Azurest /Cambridge	16.35	HFO
4	Energise	18.27	Natural gas
5	Optimal	18.30	Natural gas
	Energise	21.54	HFO

Notably the OUR calculations show that every one (1) US cent reduction in the price of electricity translates to just under J\$3billion in savings annually to consumers at the current exchange rate.

The Contractor General has not answered the OUR's position that he applied the wrong procurement procedure, which is the fundamental issue and the basis on which he arrived at all his conclusions. The OUR maintains that no authority that properly considers the facts and applies the relevant provisions of law and policy would have arrived at the Contractor General's conclusions. Therefore the OUR maintains that EWI's inclusion in the list of selected entities invited to submit bids on August 8, 2013 was lawful and in accordance with Condition 18 of the Amended and Restated All Island Electric Licence 2011 and the Government's procurement guidelines and was based on the adoption of a process that afforded all the entities to compete fairly, on the same basis and subject to the same rules.

In the pursuit of the national imperative to reduce the real cost of electricity to Jamaican consumers while meeting the need to secure capacity in the shortest possible time, the OUR has at every relevant point in the procurement process been diligent in ensuring that the process is conducted fairly and equitably. The OUR has been and will continue to be committed to the rule of law, and the transparency and integrity of the procurement process while it strives to achieve the required generation capacity at affordable prices for all Jamaicans.


Background:

On September 18, 2013, the OUR and its international consultants, Mott McDonald ranked the bidders in the project for the procurement of base load capacity to the national grid as follows:

- Highest ranked bidder: Azurest-Cambridge Joint Venture Association with Waller Marine Inc.;
- Second highest ranked bidder: Energy World International Ltd. (EWI);
- Third highest ranked bidder: Energise Jamaica Ltd (incorporating Amourview Holdings Limited, Tankweld Limited and Seaboard Jamaica Corporation);
- Fourth highest ranked bidder: Optimal Energy

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