



GOVERNMENT OF PUERTO RICO

Puerto Rico Public-Private Partnerships Authority

Puerto Rico Electric Power Authority Flexible Distributed Generation Units PRQ 2019-03 - Questions and Responses Log

No.	Question	Response
1.	What are the scheduled dates for the Stage 2 RFP Process?	The Request for Proposals (“ <u>RFP</u> ”) is expected to be issued shortly after June 17, the estimated date for notification of Qualified Respondents. The RFP will contain a summary timeline of the key milestones in the process, such as the proposal submission deadline and the notification of a selected proponent.
2.	What is the Stage 3 PPP contract process indicative date?	Key milestones during the RFP process, including those related to PPP contract negotiation and execution, will be addressed in the RFP that will be made available to Qualified Respondents.
3.	What will the PPP structure look like?	The terms and conditions of the PPP contract, including its structure, will be provided during the RFP Process that will be made available to Qualified Respondents.
4.	How does the PPP work?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
5.	What would PREPA hand over or put into the PPP as a partner?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
6.	What’s the ideal ownership mix in the PPP?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
7.	Who bears the permit responsibility and the risk of implementation delay due to the permitting process?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
8.	What periodic review and approval process will the PREB undertake with respect to this RFQ/RFP process?	Once PREPA and the Selected Proponent have finalized the negotiation of the PPP contract, the PPP contract will need to be approved by PREB pursuant to applicable law, including the Puerto Rico Electric System Transformation Act, as amended (“ <u>Act 120</u> ”). PREB will need to issue a

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		certificate certifying that the PPP contract complies with the regulatory framework, the energy public policy and applicable law (the “ <u>Energy Compliance Certificate</u> ”). Note, however, that nothing precludes PREB from exercising its jurisdiction upon the Selected Proponent, as applicable by law.
9.	Is it expected that the PREB will have a final yes/no on this procurement?	Pursuant to applicable law, PREB will need to approve the PPP contract by issuing an Energy Compliance Certificate.
10.	Will there be prior information sharing from the PREB with the respondents to this RFQ/RFP process before this yes/no final approval?	No information is expected to be exchanged with PREB prior to the finalization of the PPP contract negotiation process with the Selected Proponent.
11.	What is a respondent's recourse in the event that the IRP will not be approved by the PREB?	By issuing an Energy Compliance Certificate, PREB certifies that the PPP contract complies with the regulatory framework, the energy public policy and applicable law. Please refer to Act 57-2014, as amended, to determine procedures to challenge the IRP.
12.	Please provide a breakdown for the elements considered in the net electric output of the generation units that will be sold by the Private Partner to PREPA.	Further details will be provided in the RFP that will be made available to Qualified Respondents.
13.	Please clarify if the fuel cost is included on the net electrical output payment.	Further details will be provided in the RFP that will be made available to Qualified Respondents.
14.	Please clarify if the fuel will be procured by the Private Partner or by PREPA directly.	Further details will be provided in the RFP that will be made available to Qualified Respondents.
15.	<p>Please clarify if LPG will be considered as a fuel option for this project considering that:</p> <ul style="list-style-type: none"> a. LPG is a cost effective alternative b. There is existing infrastructure and supply capabilities on island c. There is tri fuel generation technology readily available d. There would be a shorter implementation time required versus natural gas ie. storage facilities for this product require FERC’s approval. 	Pursuant to Section 2.3.2 of the RFQ, Generation Units must be capable of burning Distillate #2 fuel (diesel), and natural gas (NG), either fuel on a primary basis and without any modifications to the supplied packages.

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16.	PREPA will be the power off-taker of the PPOA, how will the capacity and energy payments be secured?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
17.	Are gas turbines the only equipment in consideration or would reciprocating engines be acceptable?	PREPA is not currently considering using reciprocating engines as part of this RFQ. Further details will be provided in the RFP that will be made available to Qualified Respondents.
18.	Are refurbished or grey market equipment acceptable?	No refurbished or grey market equipment will be acceptable.
19.	Are the power capacities at each of the sites based on estimates or limitations? Is there a power cap?	For purposes of this RFQ process, refer to power capacities indicated in Section 2.3.2 of the RFQ. Definitive power capacities will be provided in the RFP that will be made available to Qualified Respondents.
20.	Yabucoa & Palo Seco are listed in the RFQ and are assumed to have been awarded to P&W. Is the new RFQ in lieu or in addition to those awards?	This RFQ is independent and has no relation to the process in which certain other flexible distributed generation units were awarded by PREPA.
21.	Can P3 confirm if Federal Funds would be available for this process and if affirmative, what would be the requirements for the Proponent in order that the project would apply for this requirement.	P3 is unable to confirm at this stage if federal funds may be available for this RFP process. Any requirements needed to qualify for federal funds will be listed in the RFP. Proponents should submit a SOQ under the assumption that no federal funds will be available.
22.	Even though the RFQ establishes that foot print will be the same than current projects, is there any possibility that these projects could be treated as critical project so they can be treated in an expedited way for the authorities.	Further details will be provided in the RFP that will be made available to Qualified Respondents.
23.	Is there any preliminary date for submitting letters of credit required on section 3.1 of financial capabilities (are they expected during bidding or award)	Any proposed <i>form</i> of letter of credit will need to be submitted as part of the Respondent's Statement of Qualification (" <u>SOQ</u> ").
24.	Please confirm that no page limits for any of the sections required apply.	Page limits are listed under each part of the evaluation criteria in Part 3 of the RFQ.
25.	Advise the location of the Generation Units that could potentially be relocated to other sites on the island. If all Generation Units could potentially be relocated, advise which locations are more likely to be relocated.	Further details will be provided in the RFP that will be made available to Qualified Respondents.
26.	Bullet nine includes maintenance of existing diesel tanks. Explain responsibilities Private Partner has with	Further details will be provided in the RFP that will be made available to Qualified Respondents.

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	respect to fuel supply prior to diesel fuel delivery into a tank (or if the Generation Unit is fueled by natural gas, when it is delivered to the Generation Unit)?	
27.	In order to raise financing for this project and to properly ascertain the financial risks and liabilities associated with a PPOA with the Puerto Rico Electric Power Authority (PREPA), it is important to know how the funds will to pay for the power generation to be sold are to be guaranteed. As PREPA states in its RFQ 2019-3, they are under the control of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) Title III, filed for voluntary petition for bankruptcy in July 2017, and the PPP Contract will need to comply with PROMESA and get approval of the FOM and Fiscal Judicial Committee in order to release liens against PREPA’s assets. In short, PREPA is under bankruptcy and there could be speculation in the financing markets regarding PREPA’s payments to future suppliers. Please clarify how PREPA will guaranteed the funds to be allocated to pay any supplier which they’ve entered a PPOA.	Further details will be provided in the RFP that will be made available to Qualified Respondents.
28.	With an expected dispatch factor of less than 15%, does PREPA expect to attain a cost per kilowatt like the base loaded units or is there a cost per kw target that PREPA is expecting?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
29.	Will the air emissions permits be based on units operating under the emergency service definition (less than 500 hours per year) by the local Environmental Quality Board (EQB), where a minor permit is only required, or will PREPA required that the permits are obtained for more than 500 hours per year which would imply a new source permit which would take much longer and more resources?	PREPA does not currently foresee limiting the operation of these generation units to less than 500 hour per year, but further details will be provided in the RFP that will be made available to Qualified Respondents.
30.	Who will be responsible for the design, construction, operation and maintenance of the fuel storage and transfer facilities at each site and who will pay for these costs?	Further details will be provided in the RFP that will be made available to Qualified Respondents.

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31.	Who will pay for the fuel being consumed by the units during the operation of these?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
32.	32. Will PREPA require any payments from the supplier for the lands to be used within PREPA's facilities?	PREPA does not currently foresee requiring any payments from the supplier for these lands, but further details will be provided in the RFP that will be made available to Qualified Respondents.
33.	Will any of the installations require major modifications to the existing substations or new transmission line interconnections as the capacities being indicated for some of the site are larger than the existing capacities?	Modifications to the existing substations or new transmission lines interconnection may be needed, but further details will be provided in the RFP that will be made available to Qualified Respondents.
34.	Are the units to be required mobile units? The specification indicates that the units shall have the capability to be relocated to another site during the PPOA term?	<p>Pursuant to Section 1.1 of the RFQ, the Generations Units are required to be mobile and/or fixed (or a combination thereof).</p> <p>Certain of the Generation Units may eventually be relocated to other sites on the island in compliance with the approved IRP's final action plan and in order to ensure generation is available in the most efficient geographical distribution. While some of the units may not be moved, the design of the facilities should consider the need to potentially relocate certain units in the future.</p>
35.	If any units are deemed to be relocated by PREPA during the term of the PPOA, who will pay for the cost of relocating these?	Further details will be provided in the RFP that will be made available to Qualified Respondents.
36.	Can the bidders bid only certain sites or does pricing have to be provided for all sites?	The Authority is currently only considering awarding the sites to a single bidder.
37.	Will one bidder be awarded all the sites, or can these be awarded to more than one Bidder?	The Authority is currently only considering awarding the sites to a single bidder.
38.	Please define where the RFQ indicates that the units shall have a total capacity of up to approximately XX MW. What does approximately mean? If the site indicates 60 MW, how much less than 60MW can a bidder submit a proposal for.	Pursuant to Section 2.3.2 of the RFQ, the proposal should include a minimum of two (2) units per location, with no single unit larger than 30 MW, for a total capacity of up to approximately 60 MW per site, except for Palo Seco which total capacity is expected to be up to approximately 90 MW. Further details will be provided in the RFP that will be made available to Qualified Respondents.

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39.	In Section 1.7, does “Team Member” include the “ultimate owner or holding company” of the Respondent? How is an ultimate owner or holding company determined?	The “ultimate owner” refers to the natural person(s), if any, who, directly or indirectly owns 25 percent (25%) or more of the equity interests of the respondent. In the event no natural person fits this description, then the “ultimate owner” shall refer to the legal entity (e.g. corporation) who directly or indirectly owns 25 percent (25%) or more of the equity interests of the respondent.