



# GOVERNMENT OF PUERTO RICO

Puerto Rico Public-Private Partnerships Authority

## Puerto Rico Electric Power Authority Hydroelectric Power Plants Revitalization Project PRQ 2019-02 - Questions and Responses Log

| No. | Question   | Response  |
|-----|--|---|
| 1.  | Evidence of financial capability to obtain development and operational security is set at US\$30 per kW installed, however the US\$28 million for the proposed 94 MW project correspond to approximately US\$300 per kW installed.   | The language in the second bullet of Part 3, section 3.1 of the Evaluation Criteria of the RFQ, is modified to read as follows:<br>“evidence of financial capability to obtain development and operation security in the form of an unconditional and irrevocable direct pay letter(s) of credit of at least \$30/kW per kW installed (\$2.8 million for the proposed 94 MW project)” |
| 2.  | The RFQ states that it is possible to present a proposal for selected assets; please confirm that the required financial capability to obtain development and operational security then correspond to the defined amount for kW installed multiplied by the number of kW targeted.                 | Yes, the required financial capability should be proportional to the kW of assets proposed by the Respondent.   |
| 3.  | Please define PPOA (ref. section 3, Part 4, 4.2) ¿PPOA stand for Power Pool Operating Authority?   | PPOA stands for Power Purchase and Operating Agreement.   |
| 4.  | Has PREPA or the Puerto Rico Public-Private Partnerships Authority considered a sale to a not-for-profit entity, such as an electric cooperative, thus safeguarding opportunity for FEMA funding post-natural disaster?  | The Authority is not considering the sale of any of the facilities comprising the Project Hydropower System at this time.   |
| 5.  | Has PREPA or the Puerto Rico Public-Private Partnerships Authority considered a project structure under which a not-for-profit entity, such as an electric cooperative, would operate the facility or facilities for a certain period then have the option to purchase the facility or facilities? | Any Person (as defined in the RFQ), including but not limited to, municipalities and municipal consortia of Puerto Rico, private sector companies or consortia Electric Cooperatives or Energy Cooperatives, may participate in this RFQ process. Refer to response to question no. 4 with regards to the option to purchase the facilities.  |

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| 6.  | The mayor of Yauco City is asking if Yauco 1 and 2 can be assigned to the City to exercise its right to develop, revitalize, expand the projects through PPP with investors of the City, in as much as the two project sites are in the City's jurisdiction.  | Any Person (as defined in the RFQ), including but not limited to, municipalities and municipal consortia of Puerto Rico, private sector companies or consortia, Electric Cooperatives and Energy Cooperatives, may participate in this RFQ process. The P3 Authority is not currently considering assigning PREPA assets to other governmental entities or divisions.                                     |
| 7.  | Are the 2 companies mentioned in the RFQ namely Cube Hydro Partners, LLC and CSA Architects and Engineers, LLP granted the right of first refusal under the Unsolicited Proposal clause of the States PP Law.   | No. Under the Puerto Rico Public-Private Partnership Act regulations (" <u>Act 29 Regulations</u> "), Parties who have submitted an unsolicited proposal will receive a benefit, of a type to be determined by P3A, if they are not selected as the Selected Proponent.   |
| 8.  | In Section 1.7, should the Respondent identify the "identity, role and capabilities" of consortium members if such consortium members are not "a potential equity investor in the Partner that will execute the PPP Contract"? Please clarify?  | No. Respondents should describe the "identity, role and capabilities" of each consortium members that will execute the PPP Contract. Parties who are expected to provide debt financing need not be described.  |
| 9.  | 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. |
| 10. | In Section 2.3, the RFQ proposes 2 options for PPP contract, (1) (i) a long-term lease of the facilities to the Partner and (ii) a power purchase and operating agreement executed by the Partner and PREPA, or (2) a long-term operation and maintenance agreement. Given the financial capacity requirement in option 2, is option 2 equal to option 1 plus the long-term operations and maintenance agreement? | No. These are two distinct options for how to structure the partnership contract. In the first option, the private partner will bear the full economic risk and benefit of operation and loss. In the second option, the private partner will not fully bear economic risk of operation or loss.  |
| 11. | Are there existing water use criteria, agreements and/or permits that exist or will need to be established or obtained by Respondent from government agencies (for example, PRASA, PREPA, DNER) to make   | Further details will be provided in the RFP that will be made available to Qualified Respondents.   |

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|     | available water requirements and rights known? If so, where can we find such present criteria, permits and water right agreements?   |   |
| 12. | Are there any other agreements or internal policies of PREPA regarding the Project Hydropower System that have the potential of restricting or limiting hydro power generation?  | Further details will be provided in the RFP that will be made available to Qualified Respondents.   |
| 13. | Do you foresee the need for Respondents to intervene in PREPA's Title III Bankruptcy proceedings, for any reason, including for the release from liens of the assets that form part of the Project Hydropower System?                      | The Authority does not foresee this scenario at this stage.   |
| 14. | In section 2.2.2, the capacity values for the facilities have some inconsistencies with other referenceable materials or sites. For purposes of the RFQ should the values presented be used or will they be updated?                       | As of the second quarter of 2019, the operational units currently have a total capacity of 22.5 MW. The available capacity of the Yauco 2 facility is currently 4.5 MW instead of 9 MW. |
| 15. | In Section 2.2.2, 9 facilities are described in detail. Would decommissioned facilities such as Carite, Comerio and Isabela 1 be considered for proposal purposes?   | The Authority does not foresee including decommissioned facilities at this stage of the RFQ but additional sites may be included at a later stage of this procurement process.          |
| 16. | In Section 2.3.1, the total expected system capacity is listed with a minimum of 60 MW. Section 2.3.2 anticipates a minimum increase to 70 MW. Which value is correct and used for the proposal?   | The total minimum expected system capacity of the Project Hydropower System is 70 MW.   |
| 17. | In Section 2.3.1, compensation is defined as a net output and a dependable capacity payment. Will other existing or future capabilities, such as voltage support, black start, synchronous condensing/reactive power, etc., be considered? | Further details will be provided in the RFP that will be made available to Qualified Respondents.   |
| 18. | In Section 2.3.1, can you clarify the compensation method described as a dependable capacity payment? Can we assume that dependable capacity = Capacity x Availability Factor?   | Further details will be provided in the RFP that will be made available to Qualified Respondents.   |
| 19. | In Section 2.3.1, will existing and previously held permits and/or governmental approvals be provided in the RFP?  | Permits and/or governmental approvals currently in place will be provided to Qualified Respondents at a later stage as part of the diligence process.                                   |
| 20. | In Section 2.3.1, are there recent studies and/or assessments on the reservoirs for rehabilitation needs?  | Available studies and/or assessments will be provided to Qualified Respondents at a later stage as part of the diligence process.   |

| <b>No.</b> | <b>Question</b>  | <b>Response</b>   |
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| 21.        | In Section 2.3.1, have there been request or proposal submitted by the government of Puerto Rico for disaster relief funds associated with the reservoirs? If so, can a status or timeline be provided?  | The Government of Puerto Rico is currently working on the proposals for disaster relief funds. Further details will be provided as part of the diligence process in the RFP that will be made available to Qualified Respondents.   |
| 22.        | In Sections 2.3.1 and 2.3.2, what is envisioned for the capital improvements for reservoir rehabilitation, maintenance and operation needs and have the Agency(s) outlined the expected scope of work?   | Further details will be provided in the RFP that will be made available to Qualified Respondents.   |
| 23.        | In Section 2.3.2, the generation table on page 18 shows 2019 capacity of 34 MW. Given that the current generation is baselined at 27 MW in Section 2.2.2 and the timeline associated with the RFQ/RFP, which installed capacity and generation values be used? | The table refers to the numbers anticipated for the Hydropower System as a whole by the IRP, and it includes both hydropower assets that are part of the current RFQ and hydropower assets that are not part of the current RFQ. Respondents should base their statement of qualifications based on the information for each asset provided under section 2.2.2. Please refer to the response provided for Question 14. |
| 24.        | In Section 2.3.2, are there recent studies and/or assessments associated with the penstocks, conveyance systems and diversion structures?  | Available studies and/or assessments will be provided to Qualified Respondents at a later stage as part of the diligence process.   |
| 25.        | In Section 2.3.2, have there been request or proposal submitted by the government of Puerto Rico for disaster relief funds associated with the conveyance systems and diversion structures? If so, can a status or timeline be provided?                       | The Government of Puerto Rico is currently working on the proposals for disaster relief funds. Further details will be provided as part of the diligence process in the RFP that will be made available to Qualified Respondents.   |