



GOVERNMENT OF PUERTO RICO

Puerto Rico Public-Private Partnerships Authority

**Puerto Rico Electric Power Authority  
Generation Capacity in Palo Seco  
PRQ 2019-04 - Questions and Responses Log**

Question	Response
<p>1. Generation Facility fuel supply: the RFQ states that the Generation Facility must burn natural gas and may also burn diesel fuel and that the PPP Contract may include tolling or non-tolling arrangements. The procurement of fuel (natural gas and diesel including storage capacity) is left open in section 2.3.1 as either falling under the scope of rights and responsibilities of the Private Partner or provided by the T&amp;D Operator. Could you clarify:</p>	
<ul style="list-style-type: none"><li>• whether the PPP has a preference on the fuel supply structure for the Generation facility (by the Private Partner or the T&amp;D Operator)</li></ul>	Further details regarding the fuel supply structure will be provided in the Request for Proposal (“RFP”).
<ul style="list-style-type: none"><li>• whether a natural gas supply solution is currently being developed by the T&amp;D Operator and if so present the details of such solution, process and timeline for implementation (e.g. would a separate RFQ been issued by the PPPA for fuel supply?)</li></ul>	PREPA is currently developing a natural gas fuel alternative for the San Juan 5&6 power plants through a contract arrangement with NFE. The T&D Operator is not expected to further develop LNG solutions.
<ul style="list-style-type: none"><li>• when the decision on fuel supply scope will be made by the PPP Authority</li></ul>	Further details regarding the fuel supply scope will be provided in the RFP.



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<ul style="list-style-type: none"> <li>Should the fuel supply be provided by the Private Partner, how will the Private Partner's ability to secure such fuel supply be appraised by the PPP Authority when the current RFQ focuses exclusively on the Private Partner's credential in developing, financing, constructing and operating generation plants but not in securing or developing the necessary fuel supply solutions</li> </ul>	<p>The Respondent should provide additional credentials that demonstrate its experience in fuel supply, development and procurement. Specific evaluation criteria will be addressed in the RFP stage.</p>
<ul style="list-style-type: none"> <li>The business model (tolling or not tolling) may affect the composition of a consortium to participate to the RFP. Will the PPP Authority accept changes in Tem Member aiming to adapt to the business model selected for the Generation Facility?</li> </ul>	<p>If, after the Submission Deadline and prior to the issuance of the RFP, a Respondent wishes or requires to: (a) change any Team Members listed in the Respondent's SOQ (either by adding new members, removing listed members or (b) change the legal relationship between the Respondent and/or its Team Members, such as the creation of a new joint venture, partnership or legal entity that will take the place of the Respondent, then, in each case, the Respondent must submit a written application to the PPP Committee seeking its consent to the proposed change. For further information, please refer to Section 1.7 of the RFQ.</p>
<p>2. What is the target RFP launch date?</p>	<p>The Authority expects to issue the Request for Proposal sometime during the fourth quarter of year 2019 (4Q/2019).</p>
<p>3. Can two respondents, after being selected as qualified party, partner for the RFP?</p>	<p>If, after the Submission Deadline and prior to the issuance of the RFP, a Respondent wishes or requires to: (a) change any Team Members listed in the Respondent's SOQ (either by adding new members, removing listed members or (b) change the legal relationship between the Respondent and/or its Team Members, such as the creation of a new joint venture, partnership or legal entity that will take the place of the Respondent, then, in each case, the Respondent must submit a written application to the PPP Committee seeking its consent to the proposed change. For further information, please refer to Section 1.7 of the RFQ.</p>



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4. As per the RFQ 2019-4, the SOQ should include a “Non-binding Indicative Solution Description” based on the requirements in section 2.3. Will this section be included in the evaluation of the SOQ? If that is the case, please explain in detail how it will be evaluated.	The “Non-binding Indicative Solution Description” will not be graded, it is only intended to broadly assess the Respondent’s ability to formulate a solution. Respondents should not submit complete technical proposals as a response to this item, which will be requested as part of the RFP.
5. Referring to the non-binding indicative solution section, can we provide multiple alternatives for the solution?	Yes, multiple alternatives for the solution can be provided.
6. Referring to the non-binding indicative solution section, should we include fuel procurement strategies, if deemed relevant for our proposal?	Respondents may include fuel supply, development and procurement strategies. Please note again that the non-binding indicative solution will not be graded. The inclusion or exclusion of any details may only affect certain requirements in the RFP.
7. If PREPA is going to handle fuel procurement, could you please explain what is PREPA’s fuel procurement structure?	Further details regarding the fuel supply structure will be provided in the RFP.
8. What is the exact location and dimensions of the land that will be provided by PREPA?	Location is within the premises of the Palo Seco power complex owned by PREPA. Further details and dimensions to be included in the RFP.
9. If a proposed solution is still connected to the Palo Seco 115KV substation, could we propose a solution that is not located in the land provided by PREPA?	Respondents may propose an additional alternative solution located on land not owned by PREPA, but <b>must also</b> submit a solution to be located on PREPA-owned land.
10. 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.	Parameters and other considerations regarding net electric output requirements will be addressed in the RFP stage.
11. Please clarify if the fuel cost is included on the net electrical output payment.	Requirements for cost elements to be considered in net electrical output payments will be addressed in the RFP stage.
12. Please clarify if the fuel will be procured by the Private Partner or by PREPA directly.	Further details regarding the fuel supply structure will be provided in the RFP.



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13. Please clarify/define the word “adjacent” stipulated in Section 1.1. Introduction (ie. maximum distance?)	Location is within the premises of the Palo Seco power complex owned by PREPA. Further details to be included in the RFP.
14. Please clarify if LPG will be considered as a fuel option for this project considering that:  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.	LPG will not be considered as a fuel option for this project.
14. Please clarify if LPG can be used as bridge fuel to LNG	LPG will not be considered as a fuel option for this project.
15. In section 3.2 of the RFQ it says, “ <i>The Generation Facility must be designed to be resilient to San Juan basin weather and earthquake conditions.</i> ” Could you please specify what hurricane conditions should the generation facility be design to? This will facilitate the comparison of the offers.	Please refer to the usgs.gov site for Puerto Rico hurricane and seismic maps. The plant should be designed for site conditions, including tropicalization of equipment, planning for flooding, high winds and other conditions. The plant design should also accommodate the fact that San Juan is in Seismic Zone 3.  Respondents are requested to be specific about how the design will be adapted to site conditions.
16. In section 2.3.2 of the RFQ it says, “ <i>The Generation Facility must burn natural gas and may also burn diesel fuels .....</i> ” Could you please elaborate on the need for the generation facility to use another fuel other than natural gas? If the natural gas supply is robust enough, is the requirement to have diesel as a secondary fuel optional? Is there a preference for the generation facility to run on natural gas only or natural gas and diesel?	Act 17-2019, the Puerto Rico Energy Public Policy Act, “require[s] existing and future units that generate power from fossil fuels to be capable of operating with at least two types of fossil fuels, one of which shall be natural gas.” Fuel availability will determine its primary use for the Generation Facility. The proposed technologies shall be capable to use either fuel as primary fuel.



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<p>17. In section 2.3.2, first paragraph, of the RFQ it says, <i>“Qualified Respondents may submit a proposal for a Generation Facility of a different type and technology, as long as the proposed Generation Facility has equivalent operating characteristics ....”</i> How will a different type of technology with better operating characteristics than the one proposed (combined cycle, dual fuel F-Class) be evaluated in the RFP process?</p>	<p>During the RFP process, Qualified Respondents may submit a proposal for a Generation Facility of a different type and technology, as long as the proposed Generation Facility is a combined cycle that interconnects to the Palo Seco 115kV gas insulated substation and complies with required operating characteristics which will be disclosed during the RFP process. The specific evaluation criteria for assessing proposals will be provided during the RFP process.</p>
<p>18. Considering the goals of integrating large quantities of renewable energy to the Puerto Rican grid, how will the following characteristics of the technology used in the generation facility be evaluated: generation facility start-up costs, and minimum uptime and minimum downtime?</p>	<p>Specific evaluation criteria for arriving at the Selected Proponent will be addressed in the RFP stage.</p>
<p>19. What will be the evaluation criteria to be used to compare the Respondent’s proposals? Considering the goals of adding more renewable energy, the generation facility will be running in a very volatile way due to the intermittence of the renewable energy production. Will the evaluation consider hourly chronological dispatch modeling for each proposal (instead of the typical LCOE comparison) which will allow evaluation committee to calculate the actual lowest cost of operating for the Puerto Rican electrical system? This is now the preferred method used by countries with high renewable penetration when analyzing new thermal generation facilities to avoid stranded assets.</p>	<p>Specific evaluation criteria for arriving at the Selected Proponent will be addressed in the RFP stage.</p>
<p>20. Will there be a benefit in the evaluation criteria for a generation facility starting in less than 30 months.</p>	<p>Specific evaluation criteria for arriving at the Selected Proponent will be addressed in the RFP stage.</p>



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<p>21. Could you please elaborate on what would be the process by the Authority to request clarification regarding the content of the Respondent SOQ.</p>	<p>After the submission deadline, the Authority will evaluate the received SOQs. Should there be a need for clarification, the Authority will send a letter to each Respondent listing any questions or requests for additional information, which may include revisions to the SOQ itself. Each Respondent will have a reasonable time in which to respond. The Authority will then evaluate the aggregate submissions. The expected date of announcing the selected Qualified Respondents will be pushed back accordingly.</p>
<p>22. Will it be possible to consider for the Authority that any amendments to the RFQ be provided in a <i>track changes</i> (red-line) format to facilitate reviewing any possible modifications.</p>	<p>Yes. It is generally the Authority's practice to post any amendments in track changes.</p>
<p>23. Per the RFQ, PREPA will buy Generation Facility output pursuant to a PPP Contract. What is the anticipated term of the PPP Contract?</p>	<p>Further details on the PPP Contract, including term, will be provided in the RFP that will be made available to Qualified Respondents.</p>
<p>24. Per the RFQ, the Private Partner will design, permit, finance, construct and install the Generation Facility.</p> <ul style="list-style-type: none"> <li>• Who bears delay due to the permitting process? Will the project be designated a critical project which would expedite permitting approvals?</li> <li>• To support financing, how will PREPA guarantee payments under the PPP Contract?</li> </ul>	<p>Further details on permitting and financing, to the extent applicable, will be provided in the RFP that will be made available to Qualified Respondents.</p>
<p>25. Per the RFQ, the PPP Contract may include tolling or non-tolling arrangements. Will the selection of the preferred arrangement be made prior to the issuance of the RFP?</p>	<p>It is envisioned that preferred or required payment arrangements will be included in the RFP.</p>



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<p>26. Per the RFQ, “...procurement of fuel, including natural gas and diesel (including storage capacity), if applicable, or alternatively PREPA or the T&amp;D Operator provides for the procurement of fuel...”</p> <ul style="list-style-type: none"> <li>• Will the determination as to whether fuel procurement is applicable be made prior to the issuance of the RFP?</li> <li>• If fuel procurement is applicable, will Respondents be responsible for constructing any required LNG and pipeline infrastructure required to deliver natural gas to Palo Seco?</li> <li>• If fuel procurement is not applicable, will it be possible for a private party to be awarded both the 300 MW at Palo Seco project and the land-based LNG and pipeline infrastructure project described in the IRP submitted to the PREB?</li> </ul>	<ul style="list-style-type: none"> <li>• The determination will be made in the RFP. Further details regarding the fuel supply structure will be provided in the RFP.</li> <li>• If fuel procurement is applicable, the responsibilities with respect to fuel procurement will be provided in the RFP.</li> <li>• If fuel procurement is not applicable, the RFP will address this question further.</li> </ul>
<p>27. Per the RFQ, “The Generation Facility must burn natural gas and may also burn diesel fuels provided that the fuel source can be shown to be available, acceptable under all applicable compliance laws and regulations, and compatible with the proposed solution.”</p> <ul style="list-style-type: none"> <li>• If a proposed Generation Facility can burn both natural gas and diesel, as well as LPG, can a respondent propose LPG fuel supply for the project if the Generation Facility meets all of the other RFP requirements?</li> </ul>	<p>Generation Facility is required to be capable to use both natural gas and diesel as primary fuels. There is no determination to date that a third fuel could be offered. Further details will be included in the RFP.</p>



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<p>28. Per the RFQ, <i>“The Generation Facility must be capable of continuous, fulltime and multiyear use and be fully operational in thirty (30) months after the issuance of the Notice to Proceed”</i></p> <ul style="list-style-type: none"><li>• Will the issuance of Notice to Proceed be timed such that the 300 MW plant is not completed before natural gas can be delivered to Palo Seco?</li></ul>	<p>Further details will be included in the RFP. However, we anticipate that the Notice to Proceed will not be fuel dependent.</p>