

Clarification # 2

RFP # 2011/L002 - LNG Floating Storage & Regasification Terminal

October 24, 2011

**(Questions raised at Pre-Bid Meeting held on Monday,
September 26, 2011)**

#	Clarification Requested	Response
1	Will there be a change in the bid submission deadline?	Please refer to Addendum # 2 issued on Friday, October 21, 2011 and posted on the website at: www.cabinet.gov.jm/procurement/lng for specifics of the revised bid submission schedule and RFP process.
2	Who is guaranteeing payment to the Infrastructure Provider so that financing can be secured?	The Jamaica Gas Trust (JGT) will not only act as the commodity buyer of the LNG, but will also act as the counterparty under the Terminal Use Agreement (TUA). The JGT will be initially capitalized by private funds (stated at USD 100 million), and will receive letters of credit (or similar forms of security) from the off-takers for USD 100 million. The JGT will provide liquid credit to the LNG Infrastructure providers and the LNG Supplier(s). Both the Infrastructure Providers and the LNG Supplier will also in turn provide USD 100 million guarantees for their performance.
3	Which is the Government agency conducting this tender?	This tender (RFP # 2011/L002 – LNG Floating Storage & Regasification Terminal) was launched under the Office of the Cabinet and the Cabinet Office procurement unit has responsibility for this particular tender. The policy decisions for the LNG Project are under the purview of

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		the Ministry of Energy & Mining (MEM).
4	<p>Is it possible to provide on how the Jamaica Gas Trust (JGT) is it going to be established? Is it really going to be a private entity or is it a Government entity? Who will be appointing the board? Will be Cabinet be appointing the board? Will the JGT be subject to GOJ governance?</p>	<p>There is a clear mandate from the Cabinet that the GOJ cannot incur any financial exposure in respect of the Jamaica Gas Trust (JGT). The board will be appointed by the private investors. The specific legal structure will be determined over the next few months; further details of which will be made available to the bidders and the Jamaican public in a transparent manner. If an initial Government holding structure is required, it will quickly be superseded by a fully private structure before the execution of any agreements with the LNG Supplier or Infrastructure Provider.</p>
5	<p>Regarding the guarantees, it is stated that the Jamaica Gas Trust (JGT) is going to be capitalized at USD 100 million, and there will be USD 100 million guarantee from off-takers, which will be used to give USD 100 million to the Infrastructure Providers and USD 100 million to the LNG Suppliers. Are you also requesting that the Infrastructure Providers & LNG Suppliers give you cross guarantees? Am I to assume that the gas off-takers are not going to ask the JGT to also give them USD 100 million guarantee in return for the guarantee that they are given? If the off-takers put up their USD 100 million and the JGT provides the off-takers USD 100 million of</p>	<p>The letters of credit from the off-takers (totaling USD 100 million) and the investment of cash from private sector investors (stated at USD 100 million) will be for the benefit of the LNG Supplier and Infrastructure Provider. Under the LNG SPA and the TUA, the LNG Supplier and the Infrastructure Provider each will have to provide security totaling USD 100 million for their performance under their respective contracts. The security provided to the end users by the JGT is not anticipated to exceed the security provided by the LNG Supplier and the Infrastructure Provider to the JGT, as described above.</p>

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	<p>guarantees in return, it would mean the JGT giving a total of USD 300 million in guarantees. Kindly clarify if the off-takers are expected to ask the JGT for a guarantee?</p>	
6	<p>On the evaluation criteria: there's a big emphasis on cost, wherein there are 40 points out of the 100 available points allocated to cost alone. This means that the person who submits the lowest cost gets a very big advantage, which may be interpreted as someone giving you the cheapest solution with the cheapest ship, which is likely to be a 30-yr old, 125,000 cubic meter vessel. If an FSRU provider wants to put a modern new-build FSRU, he may be severely penalized, as there is nothing in the evaluation criteria that addresses the life of the FSRU. One gets no points for a new build FSRU lasting 40 years vs. a vessel that can last 20 years. The fuel efficiency is also overlooked, because if you get a 30-yr old vessel, you are getting a 30-yr old power plant with the fuel ultimately being a cost to the off-takers. There is nothing in the Evaluation Criteria that addresses fuel efficiency.</p>	<p>Costs are obviously a critical part of any RFP process, including this one. The LNG Steering Committee and its international advisors are confident that an appropriate weighting for the relevant cost factors is adequately captured in the Evaluation Criteria.</p> <p>In order to clarify the point regarding the difference in fuel efficiency of the older versus newer ships, we have modified the header of Section 2.0 (Project Costs) of the Evaluation Criteria as follows:</p> <p><i>Project Cost will be evaluated on the proposed unit costs based on a throughput of Two and a Half million tonnes per annum (2.5 MTPA) including the Demand Charge, Commodity Charge and Barge Charge as stated in attached Term Sheet, <u>including any LNG consumed or lost during the operation of the SRT.</u></i></p>
7	<p>Regarding the bids for LNG Floating Storage & Regasification Projects which WorleyParsons has been recently involved in, can you say who won the older ship and the newer one?</p>	<p>There was a mix of old and new ships that were selected in these bids depending upon the best available option for that specific requirement. However, two of the bids went to older ships and one project went</p>

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		for a new-build ship.
8	How do you define Op-ex cost when fuel isn't captured?	Please see response to question # 6 above for clarification of how fuel costs are being captured in the evaluation of the various proposals which are expected to be submitted.
9	Alternative design: the reasons were mentioned as to why double ejector with all the hard arms was selected. You have mentioned that if a bidder wants to put in an alternate design, it must be acceptable to the super majors: the BGs, BPs and the Shells. Are the bidders going to need approval for all three, two of the three, one of the three?	The selection of hard-arm offloading (versus soft hose offloading) was based on definitive statements recommending such a configuration from several of the "super majors", but is also a consideration from other suppliers. As it is critical that Jamaica not arbitrarily exclude supply from any source through the selection of a terminal configuration that is not acceptable to the suppliers, it would strengthen a bidder's proposal to include confirmation of the acceptability of any alternative terminal design from as many of the potential suppliers as practical.
10	Even if these guys don't participate in the Supply tender, will we need to be still consulting with them as to whether they like the Alternative designs?	As the cost of LNG Supply will be the largest component of the cost of natural gas to the end-users, confirmation that a proposed alternative terminal design is satisfactory to the majority of the LNG Suppliers will strengthen a bidder's proposal, as this provides the broadest competition for LNG Supply and the term of the initial supply of LNG to Jamaica has not been established.
11	You specify that if a new-built is submitted it should be a Moss design. If I have already ordered a new build	The actual statement in section 4.6 of the SRT Scope of Work, which was included as

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	membrane design, can it be submitted?	<p>Attachment 3 of Part 4 of the RFP, is:</p> <p>If the CONTRACTOR proposes to utilise membrane tank systems or other tank systems that have partial filling limitations, the CONTRACTOR shall demonstrate that the FSRU will not have to disconnect from the jetty in hurricane conditions with partial filled LNG tanks with filling levels that are not permissible by the FSRU's classification society. CONTRACTOR shall demonstrate compliance of this requirement by providing the associated operational procedure, any time required associated with cargo management shall be included in the uptime assessment.</p> <p>Therefore, membrane designs are not precluded. However, additional considerations will have to be taken if the FSU/FSRU with membrane tanks had to disconnect from the berth when partially-loaded during a hurricane as the operation of partially loaded membrane ships is not yet approved by the relevant industry bodies.</p>
12	There are two Boil-off gas specifications. One, the functional specs says 0.12 maximum boil-off the BOD is 0.18 which one is meant to be the correct one?	The 0.18% specification for Boil-Off Gas as shown in section 10.20 of the Basis of Design, which was included as Attachment 2 of Part 4 of the RFP, is correct.
13	In the Basis of design (BOD) section 4.2 talks about discharge through water. It is suspected that something more	The language in section 4.2 of the Basis of Design, which was included as Attachment 2 of Part 4 of the RFP is hereby modified to

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	<p>relevant to a power plant was used than an LNG facility, because it was stated: “the discharge should not have a maximum temperature of more than 5 degrees above ambient.” This needs to be clarified.</p>	<p>read as follows:</p> <p>The maximum allowable differential in seawater temperature, as measured at the edge of the designated mixing zone (i.e. 100 m from the point of discharge) is 5°C as compared to ambient conditions for sea water-based regasification technologies.</p>
<p>14</p>	<p>The concern is that if the LNG Steering Committee members are on the Evaluation Committee, whether they can be impartial and fair to bids that are received from certain parties.</p>	<p>The LNG Steering Committee has no bias for or against any particular entity. The Chairman of the LNG Steering Committee has gone on Jamaican national radio to encourage all parties, including those involved in the last RFP, to submit a bid for the current tender process. The evaluation of any bids will be done on a fair and unbiased basis, without any consideration of the past RFP process.</p>
<p>15</p>	<p>Could you explain the new evaluation criterion which was added?</p>	<p>An additional evaluation criterion was added which encourages bidders to maximize the use of Jamaican labour and Jamaican content in the project.</p>
<p>16</p>	<p>What you mean by Jamaican content?</p>	<p>Jamaican content means the hiring and development of Jamaican nationals in the highly technical and specialised fields required by this project.</p>