

Clarification # 3

RFP # 2011/L001 - LNG Supply

October 24, 2011

**(Questions raised at Pre-Bid Meeting held on Thursday,
September 29, 2011)**

#	Clarification Requested	Response
1	Could you elaborate a little more on the two stage bid process in terms of the time and in terms of what is expected at the first stage and what will be done in terms of going out with information for the second stage and when you would likely be getting a final recommendation in terms of schedule?	<p>The specific schedule is laid out as far as the relevant dates within the RFP # 2011/L001 (LNG Supply). The first stage is intended to establish the bona fides of the bidders, whereby the bidders would demonstrate a capacity, from a financial, technical and operational viewpoint, to undertake and execute upon whatever indicative offer was submitted in the Stage One process.</p> <p>Thereafter, through the evaluation process, a short list would be generated, which forms the basis for the Second Stage RFP. Stage Two will then solicit from the short listed bidders their comments on the contractual framework in the form of a draft Sales & Purchase Agreement (SPA), which is expected to form the framework on which the Second Stage bids would be based.</p> <p>The Second Stage RFP submissions are then made under a “best and final” format. The structure was adopted in order to minimize the amount of effort for the bidders in the First Stage RFP, while at the same time providing market perspective to the LNG Steering Committee. The draft SPA included</p>

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		<p>in the Second Stage RFP, will set out the contractual framework through which the project will proceed.</p> <p>Please refer to Addendum # 1 issued on Friday, October 21, 2011 and posted on the website at: www.cabinet.gov.jm/procurement/Ing for specifics of the revised bid submission schedule and RFP process.</p>
2	<p>The evaluation criteria is very heavy weighted towards the Present Value (PV), the economic value of the transaction; so the question is, evaluation of the present value will be dependent on the discount factor? And also your forward curve on Henry Hub, will you provide the bidders some indication of how that will be evaluated, what the discount factor is and what the forward curve you consider as best case for your evaluation?</p>	<p>Please refer to Addendum # 2 issued on Friday, October 21, 2011 and posted on the website at: www.cabinet.gov.jm/procurement/Ing for specifics relating to the calculation of the discount factor and forward curve of Henry Hub pricing which will be used in the evaluation of the indicative prices submitted in the First and Second Stages of the RFP process.</p>
3	<p>The bid form does not specify an area for us to identify the duration of the deal. So you can clarify that online whether we need to submit the tenure for the deal.</p>	<p>Please see the revised Indicative Price Schedule attached below as Annex A which provides a space for the Bidders to indicate both the proposed Initial LNG Delivery Date and the Tenor (i.e. duration) of their proposed LNG Supply.</p>
4	<p>On the BTU substitution, can parties commit 100% substitution flexibility or will you be imposing some sort of limit on that?</p>	<p>There are no definitive guidelines regarding what limitation might be on the substitution of LNG in a "Btu proposal". It is anticipated for the First Stage that this will be open to the bidders to propose within</p>

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		their structures.
5	The Jamaica Gas Trust (JGT) is very much at the center of this deal and was mentioned of in the process of being formed, but in order to have as much detail as possible can you elaborate a little bit on what is the process by which the JGT will be formed?	The Jamaica Gas Trust (JGT) concept and commercial structure has been approved by the Cabinet, subject to a further submission that would outline the definitive legal and commercial structure. The next stage in the process is the formation of the JGT as a legal entity with an interim governance structure, which will be presented to the market in order to capitalize the JGT. Prior to the establishment of independent governance and operation of the JGT, the Government will oversee the management of the JGT, but will at no time will accept or undertake material financial obligations on behalf of the JGT. It is expected that the legal establishment of the JGT will be accomplished during the 1 st Quarter of 2012.
6	The new power plants that are to be built are critical customers for the gas, so can we get an update on where that process has reached and is it still on track that we will have these power plants in the first quarter of 2014?	The Office of Utilities Regulation (OUR) issued an RFP for 480 MW of IPP power generating capacity, with 360 MW to be started up in April 2014 and 120 MW to be started up later in 2016. The evaluation of the proposals received for this RFP is still being finalized.
7	Is there a prescribed mechanism for capital recovery of conversion or the placement of irrevocable letter of credit that have been provided to the LNG Committee by the OUR?	This is a part of the regulatory framework which is being developed.

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8	Please clarify which bidders need to be registered with the National Contracts Commission?	This is not a requirement for international bidders during this First Stage RFP process.
9	We were supposed to have been given in relation to this tender a draft of the SPA, and in relation to the other infrastructure the draft of the TUA on the 21 st of September, but will just ask where are those documents and at the same time what is the status of the development of the new regulatory framework for the gas sector?	We are in process of engaging new legal counsel who will assist us to complete the draft of the Sales and Purchase Agreement (SPA), as well as the draft of the Terminal Use Agreement (TUA). These drafts are substantially complete but will require review/finalization after the new legal counsel is engaged. The draft SPA will most likely not be available prior to the revised bid submission deadline of November 11, 2011 for this RFP. However, the key commercial terms & conditions were outlined in the Term Sheet which was included in the original RFP document. The draft of the TUA will be made available to the potential bidders for RFP # 2011/L002 (LNG Floating Storage & Regasification Terminal) later in November after it is finalized. The new regulatory framework is being worked on and is expected to be available later in the 1 st Quarter of 2012.
10	I would like to know if you have other cases of Trust companies in the country.	There are other trust companies incorporated in Jamaica. Trust structures are well established under Jamaican law. The final legal structure of the Jamaica Gas Trust will be available to the preferred bidder prior to executing any contract.
11	When do you expect to sign the SPA?	

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12	Is this LNG Storage & Regasification Terminal (SRT) going to be QMax or QFlex compatible?	The LNG SRT and the shipping channels can be designed to be QMax and QFlex compatible if the selected LNG Supplier requires it.
13	The larger the FSRU we have, the better the logistical operation and the better for the suppliers, but I think your infrastructure RFP is weighted towards getting an older, smaller vessel, and you have specified the lower limit of 125,000 cubic meters. The question is why is it that we have not specified higher minimum for the FSRU?	The minimum LNG storage capacity for the LNG Floating Storage & Regasification Terminal (SRT) has been set to provide flexibility to the potential infrastructure bidders to be able to obtain the lowest cost solution which is both technically and operationally sound. This is consistent with other LNG floating storage projects which have recently been tendered around the world. The storage capacity of the proposed SRT solutions will be a factor in the comparison of the SRT bid submissions in combination with other factors, such as capacity, operating costs and expected availability. We expect to have established the final SRT design and capacity before the issuance of the Second Stage RFP for LNG Supply.
14	Please elaborate on what it is you expect from either the LNG supplier or the infrastructure provider in terms of CDM (i.e. Clean Development Mechanism)?	As explained in the RFP, the CDM interest is largely driven by the Government's overall policy framework for the energy sector in Jamaica. The policy framework focuses on developing a number of strategies, where LNG fuel diversification is only one of the strategies. Bidders are encouraged to consider solutions that will be consistent with the environmentally friendly solutions, and compliant with the Government's requirement to meet current and projected natural gas demand including anticipated

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		demand from consumers not included in the initial Supply RFP.

Annex A
Revised Indicative Price Schedule Form

Indicative Price Schedule: Goods Manufactured Outside the Procuring Entity's Country, to be Imported

(Group C bids, goods to be imported)						Date: _____		
Currencies in accordance with ITB Sub-Clause 15						ICB No: _____		
						Alternative No: _____		
						Page N° _____ of _____		
1	2	3	4	5	6	7	8	9
Line Item N°	Description of Goods	Country of Origin if Determined	Proposed Date of first LNG Delivery	Quantity and physical unit	Unit price DES/DAP PORTLAND BIGHT, ST. CATHERINE PARISH, JAMAICA, in accordance with ITB 14.6(b)(i)	DES/DAP Price per line item (Col. 5x6)	Tenor (i.e. duration in years) of proposed LNG Supply	Total Price per Line item (Col. 6+7)
1	LNG	<i>[insert country of origin of the LNG]</i>	<i>[insert quoted Delivery Date]</i>	<i>[insert quantity of LNG in MMBtu or tpa]</i>	<i>[insert unit price DES/DAP per unit]</i>	<i>[insert total DES/DAP price per line item]</i>	<i>[Insert duration (i.e. years) of proposed LNG Supply]</i>	<i>[insert total price of the line item]</i>
							Total Price	

Name of Bidder *[insert complete name of Bidder]* Signature of Bidder *[signature of person signing the Bid]* Date *[Insert Date]*