

Clarification # 6

RFP # 2011/L002 - LNG Floating Storage & Regasification Terminal December 7, 2011

#	Clarification Requested	Response
1	Please, clarify what is the Operator's limitation of Liability.	This will be clarified in the draft Terminal Use Agreement (TUA) which is expected to be issued during the week of December 12, 2011.
2	Please, clarify what is the cap for Liquidated Damages and if they are the Customer's sole remedy.	Please see response to Question # 1 above.
3	Please, clarify the meaning of "financial institution satisfactory to Customer".	This refers to creditworthy international banking institution with a long-term issuer rating of A- (or equivalent) or higher.
4	Please clarify if the Operator may assign its rights or obligations under the TUA without the written consent of the Customer in the event the assignee is an Operator's affiliate provided that the Operator remains liable for its affiliate's obligations under the TUA.	Please see response to Question # 1 above.
5	Could you please specify in advance what are the customary conditions precedent applicable to the performance of each party's obligations?	Please see response to Question # 1 above.
6	Could you please specify in advance the events excluded as Force Majeure cause?	Please see response to Question # 1 above.

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7	When will the TUA be available for the Bidder's review?	The draft Terminal Use Agreement (TUA) is expected to be issued during the week of December 12, 2011.
8	<p>According to the Indicative Term Sheet of Terminal Use Agreement for Jamaica LNG Project, which is in Part 3 of RFP, we can see a clause of CUSTOMER PERFORMANCE SECURITY in page 75.</p> <p>Is this meaning that CUSTOMER shall guarantee the payment to OPERATOR under the TUA, with a guarantee amount of USD 100,000,000 as mentioned in the RFP?</p> <p>Please confirm our understanding of the guarantee scheme and the amount is correct.</p>	Yes, this is correct.
9	<p>In reference to ITB 19.2, please check the below modification of the Form of Bid Security and confirm. This modification is a request of a bank which we would like to issue a Bid Bond soon. For your reference, we consider 10 June 2012 as the expiration date, since we calculate 120 days for Bid Validity, 28 days for submitting Performance Security after the receipt of notification of award, and 2 days for additional works.</p> <p><i>This guarantee will expire: (b) if the Bidder is not the successful Bidder, upon the earlier of (i) our receipt of a copy of your notification to the Bidder</i></p>	The proposed revisions are fine. Dates are to be confirmed.

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	<p><i>of the name of the successful Bidder; or (ii) twenty-eight days after the expiration of the Bidder's bid, i.e. on 10 June 2012.</i></p> <p><i>Consequently, any demand for payment under this guarantee must be received by us at the office on or before that date. Should we receive no claim by the said date, our liability will cease "ipso-facto" and the present Letter of Guarantee will definitely become null and void.</i></p>	
10	<p>In reference to ITB 41, Performance Security, for meeting Procuring Entity's request regarding Performance Security, we need to discuss with banks on possibility of issuance of Performance Security, interest rate and other conditions. Please inform to the Bidders the amount, validity or other conditions and requirements of Performance Security, providing a Form of Performance Security.</p>	<p>As noted in BDS 41.1, the successful Bidder will be required to furnish the Performance Security in accordance with the provisions and schedules contained in the TUA.</p> <p>As noted above, the draft Terminal Use Agreement (TUA) is expected to be issued during the week of December 12, 2011.</p>
11	<p>Proposed unit rates will incorporate financing costs for the project. How will the evaluation of Project Costs differentiate between various levels of commitment associated with each bidder's proposed financing solution?</p>	<p>The evaluation of the Bidders' proposals will include a qualitative review of their financing plan. Bidders should demonstrate that their financing plan can be successfully implemented. Therefore, Attachment 12 – Financial Resources Forms, Form FIN-1, was modified per Addendum # 3 which was posted on the Cabinet website on December 6, 2011. This modification requires the Bidders to submit a written description of</p>

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		their financing plan, an electronic copy of a financial model which includes assumptions and cash flow projections, evidence of Bidder experience in funding/financing similar projects, audited financial statements and evidence of Bidder's intended funding/financing sources.
12	Which parties has GOJ spoken to / is GOJ speaking to as regards taking a shareholder/ ownership role in the proposed Jamaica Gas Trust?	The LNG Steering Committee is in the process of developing the terms under which the Government of Jamaica will invite potential Investors to invest in the Jamaica Gas Trust (JGT). These terms will involve a transparent process by which the Government of Jamaica will select the most qualified and beneficial proposals.
13	Have the proposed End-Users confirmed that they are able to provide the aggregate USD 100 million of standby letters of credit required under the Gas Sales Agreements? Which institutions/ banks will be issuing these letters of credit?	The End-Users understand the credit support required of them to facilitate the import, regasification and transportation of LNG. Any letters of credit provided to support the transaction will be from creditworthy banking institutions.
14	What form is proposed for the USD 100 million Customer Performance Security (Cash or Letter of Credit)?	The form of security (whether cash, letter of credit, or a combination of both) is under consideration. Any letters of credit provided to support the transaction will be from creditworthy banking institutions.
15	Why is the Operator Performance Security sized to mirror the Customer Performance Security (\$100m)? Conventionally this is provided as a % of the operating contract payment. How is the creditworthiness of the	The infrastructure to be provided by the Terminal Operator is critical to the energy security of Jamaica. While the damage incurred to Jamaica due to a failure to perform by the Operator has the potential to substantially exceed the Performance

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	operator going to be factored in to the level of performance security required?	Security of USD 100 million, the figure was retained in the interest of maintaining symmetry in the provision of performance security under the Terminal Use Agreement (TUA).
16	What discussions have you had with multilateral or export credit agencies in respect of providing support to this project?	The GOJ has not to date discussed the project with multilateral lenders and export credit agencies. The GOJ welcomes Bidders to work directly with MLAs and ECAs towards supporting bids for the project
17	Will GOJ be proposing restrictions or limitations on ownership and movement of the assets/ vessels - particularly as relates to credit related events? If so what are these?	Please see response to Question # 1 above.
18	Has GOJ assessed the affordability of the project compared to fuel oil for example, to identify the 'affordability threshold' at which the LNG project is viable - particularly in the context of what will be economically acceptable to off-takers under the proposed Gas Sales Agreements? Does progress to date on the LNG Supply procurement process provide evidence of affordability?	The GOJ has assessed and continues to assess the affordability of the project and continues to support LNG as an alternative to liquid fuels that provide economic and environmental benefits.
19	The Instructions to Bidders requires that the Bid Security be submitted in the name of all future partners: Bank requirements are that letters of credit bid bonds be issued in the name of one entity. Please confirm the bid bond may be issued for one entity as	ITB 19.6 states: The bid security of a JVCA shall be in the name of the JVCA that submits the bid. If the JVCA has not been legally constituted at the time of bidding, the Bid Security shall be in the names of all future

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	representative of the consortium.	<p>partners as named in the letter of intent referred to in ITB 4.1.</p> <p>However, the bid bond may be issued in the name of one entity, as representative of a consortium, provided that the bid bond is forfeitable pursuant to ITB 19.5 due to the actions (or inactions, as the case may be) of any of the members of the consortium. The Bid Security should state this point clearly.</p>
20	What is the likelihood that the FSRU bid submission date or overall project will be delayed or cancelled due to upcoming elections?	<p>The Government of Jamaica, as well as both major political parties in Jamaica, have strongly encouraged fuel diversification. The Jamaica LNG Project will be a major step forward towards a more affordable and balanced supply of energy. The upcoming election is not seen as presenting a risk of delay or cancellation of the Jamaica LNG Project.</p>
21	Considering likely payment conditions under the SPA and GSA's, how will JGT deal with working capital requirements arising from timing differences between its payment obligations under the SPA and receipt of payments under the GSAs.	<p>The payment conditions of the LNG Sales & Purchase Agreement (SPA), the Terminal Use Agreement (TUA) and the Gas Sales Agreements (GSAs) are being structured to minimize the working capital requirements of the Jamaica Gas Trust (JGT).</p>
22	Please provide the audited financial statements of JPS, Jamalco and JEP, which are most necessary factors for bidder's study of feasibility and bankability of this project since they are the origin of the cash flow.	<p>JPS' financial statements are available on its web site (http://www.myipsco.com/).</p> <p>Financial statements for JEP and Jamalco are not available at this time.</p>

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23	Please inform the current status of the new 360 MW IPP project.	The proposals for the new 360 MW IPP Project are currently being reviewed by the Office of Utilities Regulation (OUR) and a decision is expected shortly.
24	Please clarify whether bidder(s) is allowed to make a revision on the wordings of the Bid Security or not, in case specific concerns on the wordings of Bid Security being raised by an issuing bank.	Any revision to the Bid Security form will need prior approval before bid submission. Please forward any proposed revisions to psmd.proc@cabinet.gov.jm and emegginson@mem.gov.jm for review. Any approved revision to the Bid Security form will be posted on the Cabinet website.
25	Please clarify whether Customer can provide additional amount of guarantee or increase the amount of performance guarantee to support the bankability of the project.	The USD 100 million Customer Performance Security presented in the RFP represents the proposed cap on credit support being offered by the Jamaica Gas Trust (JGT) to the Terminal Operator. This figure was derived from discussions with the market prior to the issuance of the RFP. The Bidders are allowed to propose a different amount in their submissions, but any increase in the amount of the credit support cap may negatively impact the scoring of the Bidder's submission. Strong justification and documentation from potential lenders should accompany any such request for an increase in the credit support cap.
26	Please confirm that the Bid Evaluation Item 2 "Project Cost" will be scored strictly along the "stair-step" point scheme proposed, and that points will NOT be awarded on a pro-rata basis.	The scoring of Item 2.0, Project Costs, in Section III, Evaluation and Qualification Criteria (revised per Addendum # 1, October 31, 2011), will be awarded in compliance with the "stair-step" scoring outlined in this evaluation section.

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27	Suppose that a bidder has made a base proposal and an alternate proposal, assuming that both proposals are technically acceptable, will the GOJ evaluate and compare the lowest cost proposal of one Bidder with that of another bidder, or only compare the base bids for scoring purposes?	All base and alternative proposals that are deemed technically compliant per the requirements outlined in ITB 29 of the RFP will be evaluated on an equal basis.
28	How does GOJ plan to accommodate the cost of qualifications of a low cost technically-acceptable bid during the scoring process?	Please see response to Question # 27 above. Any qualifications to the costs proposed by the Bidders will be included in the evaluation of the bid submissions. Bidders need to submit the basis of their cost estimates and proposed pricing. Any areas where uncertainty of pricing or costs still exists will need to be identified in the bid submission and the level of uncertainty is to be quantified by the Bidder to be considered.