

1 Monday, September 26, 2011

2 Time: 10:18 a.m.

3

4 MODERATOR: Morning Ladies and gentlemen, and welcome  
5 to Jamaica for those of you visiting with  
6 us, and for the other members of the LNG  
7 community, welcome; and special welcome to  
8 you all and thank you for being here this  
9 morning. I am Kayla Sewell-Mills from the  
10 Cabinet Office and I will be guiding the  
11 proceedings this morning at our first  
12 pre-bid meeting for the LNG Steering  
13 Committee.

14

15 Sitting with me here at the head table to  
16 my far right is Mr. Ernie Megginson, LNG  
17 Project Manager. Beside Mr. Megginson is  
18 Dr. Patrick Dallas, Special Advisor to the  
19 Minister of Energy and Mining. Beside  
20 Dr. Dallas is Mr. Christopher Zacca, JP,  
21 Chairman of the LNG Steering Committee.  
22 Then we have Mr. Fitzroy Vidal, principal  
23 director with responsibility for energy in  
24 the Ministry of Energy and Mining.

25

1 MODERATOR: Our panelist this morning: On my far  
2 right we have Mr. Paul Sullivan of Worley  
3 Parsons; Mr. Walt Teter of Fetherwood  
4 Capital, and Mr. Ted Daley also of Worley  
5 Parsons. On my left we have Captain Mendz  
6 of the Port Authority of Jamaica, Michelle  
7 Grant, National Environment and Planning  
8 Agency and Warren Leow-Hue of the Jamaica  
9 Bauxite Institute. Let me first of all  
10 offer apologies for Honourable Minister  
11 Clive Mullings who is unable to make it  
12 this morning, but representing him quite  
13 ably is Dr. Patrick Dallas. We will now  
14 have our address by Mr. Christopher Zacca,  
15 Chairman of the LNG Steering Committee.

16  
17 MR. ZACCA: Morning everyone. I want to welcome all  
18 of you on behalf of the GOJ LNG Project.  
19 I have had the honour to chair the  
20 Steering Committee since December of last  
21 year and my purpose here today is to  
22 outline how I feel about the project since  
23 we took it over and where we are today. I  
24 want to recognize from the Solicitor  
25 General's chambers Ms. Herma McRae.

1 Welcome Herma. The Solicitor General is a  
2 part of the Steering Committee and he may  
3 be here later, but he is ably represented  
4 by Herma and very noted local attorney who  
5 is partner in the law of firm Livingston  
6 Alexander & Levy, Mr. R.N.A. Henriques,  
7 who is also advising us. Welcome.

8  
9 MR. ZACCA: A special welcome to all our overseas  
10 potential bidders and also I note that  
11 there are some Jamaicans here who are  
12 involved with potential bidders, and I  
13 also welcome all of you warmly. The LNG  
14 Project is alive and well. It is a policy  
15 of the Government of Jamaica to diversify  
16 its fuel mix. Jamaica's fuel is almost  
17 100 percent liquid hydrocarbon in terms of  
18 its energy sources, and clearly the  
19 country can't go anywhere with that. The  
20 reason I am saying it's a policy, and  
21 Dr. Dallas is here representing the  
22 Minister, is that it's not something that  
23 will change from time to time, it is  
24 something that the Parliament of Jamaica  
25 has voted on and it's enshrined in our

1 National Energy Policy. The new Minister,  
2 Minister Mullings, has given his  
3 overwhelming support for the project. The  
4 opposition party started this project and  
5 have consistently supported a move to  
6 diversify part of our energy supply into  
7 LNG. So I can say without fear of  
8 contradiction that we will have LNG and we  
9 are going to have LNG, and any concerns  
10 that anybody could have coming in today,  
11 of wavering or dithering and stops and  
12 starts, I think that's behind us. I think  
13 we have a united country; everyone  
14 recognizes that diversification of fuel  
15 source is the way to go and that LNG must  
16 be an important part of that mix.

17

18 MR. ZACCA: In terms of the team, it's been my honour  
19 to lead a tremendous group of public  
20 sector and private sector professionals.  
21 Ernie Megginson has done a yeoman's job,  
22 he came on board and hit the ground  
23 running on January 2<sup>nd</sup> of this year, and  
24 he has been our linchpin as the project  
25 manager. We have WorleyParsons with us,

1 Featherwood Capital in the he person of  
2 Walt Teter. Worley Parsons, we have two  
3 representatives but I think Paul Sullivan  
4 is the bad boy of the lot, he has become a  
5 very good friend of Jamaica very, very  
6 quickly. Welcome guys.

7

8 MR. ZACCA: We have our ministry representatives  
9 Mr. Fitzroy Vidal, who is the chief  
10 technical director in the Ministry of  
11 Energy and Mining, again showing strong  
12 support by the Ministry for the project.  
13 He sits on the Steering Committee also.  
14 We have representatives of NEPA, the  
15 Jamaica Bauxite Institute and the Port  
16 Authority here today, very senior  
17 Government officials. I am joined on the  
18 Steering Committee by a number of senior  
19 private sector individuals, CEO of the  
20 largest insurance company, largest  
21 construction company, et cetera. The  
22 Solicitor General sits on the Committee.  
23 And I am just going into this just to make  
24 you feel that there is a level of  
25 confidence in the capacity and capability

1 of the Committee as it sits.

2

3 MR. ZACCA: We've come up with a structure which we  
4 think will work. We have aligned the  
5 various aspects of the project. There was  
6 some debate as to the fact that maybe  
7 there was a misalignment previously in  
8 terms of making sure that four pillars of  
9 the project are equal and that the supply,  
10 the infrastructure, the offtake and the  
11 regulatory and legal structures, and I  
12 think if you look at the bid documents you  
13 will see that we've attempted and have  
14 succeeded to put together a commercial  
15 structure which ties together all four  
16 areas. The commercial structure is  
17 lynched on the SPV, which because of the  
18 situation our Government faces with a lack  
19 of fiscal space, it mandated the Committee  
20 to find a structure which was private  
21 sector driven, and we think we have found  
22 a structure that will work, and it's very  
23 exciting to us actually, because in our  
24 view a private sector driven industry is  
25 the way to go and it will guarantee

1 longterm commercial viability, longterm  
2 commercial success and also growth which  
3 will benefit our country tremendously.

4

5 MR. ZACCA: So folks, I am here, I will be here to  
6 answer any questions that you may have of  
7 me directly and my team, and I will want  
8 to welcome you all once again very, very  
9 much, and I hope that we will have a  
10 robust bid response, and I guarantee to  
11 you and assure you that we will have an  
12 impartial professional and objective bid  
13 evaluation when the time comes. Thank you  
14 very much.

15

16 MODERATOR: Thank you Mr. Zacca. Ladies and  
17 gentlemen, coordinating the project for us  
18 here in Jamaica since January 1 this year  
19 is Mr. Ernie Megginson. Mr. Megginson  
20 will now speak with us briefly on the  
21 project itself and the achievements since  
22 January and going forward.

23

24 MR. MEGGINSON: Thanks Kayla. I like how she has  
25 emphasized that I talk briefly, so I will

1 keep it short. Mr. Zacca talked to you  
2 about the Steering Committee; I just want  
3 to emphasize the gravity and the broadness  
4 of this committee. It not only has the  
5 Government entities that you would expect  
6 to be represented, it has the private  
7 sector, and Mr. Zacca is a private sector  
8 individual, so the leadership of this  
9 project is very broad. It has indicated  
10 the commitment of the Government to make  
11 this happen. It is a very, very important  
12 project for the Government of Jamaica and  
13 the Jamaican people, so I appreciate  
14 everyone who has flown here, taken the  
15 time to be here and indicated an interest  
16 in participating in this project.

17

18 MR. MEGGINSON: The advisors, we have gone out and  
19 selected key advisors that have the  
20 specific expertise in the LNG industry.  
21 Worley Parsons, Featherwood Capital who is  
22 our commercial advisor, we have Taylor  
23 De-Jongh who is not represented today.  
24 Unfortunately our financial advisors are  
25 in the process of securing the

1 international legal counsel, all of which  
2 combine with the local team provides a  
3 very, very broad and strong team to make  
4 this project work and all aspects of it.

5

6 MR. MEGGINSON: I just want to emphasize that this is an  
7 open tender. Anybody that is allowed to  
8 bid without being pre-qualified, we have  
9 qualifications stipulations in the bid  
10 document. Hopefully the ones that are  
11 here to bid have read through their  
12 qualifications and can check off the boxes  
13 as they are. The schedule for this: The  
14 bids are due at the end of November. We  
15 have had one request which we are  
16 considering for a short delay because of  
17 the U.S. Thanksgiving Holiday.  
18 November 30<sup>th</sup> is the week after  
19 Thanksgiving Holiday, so we are  
20 considering that, and there will be a  
21 clarification on the website once its  
22 decided upon. We will decide real quickly  
23 on that.

24

25 The project as you might have read -- in

1 the past there has been a lot of different  
2 estimates on the LNG demand. The base  
3 demand right now is 830,000 tonnes per  
4 annum. It's broken into three different  
5 parts; one is Jamalco, the other is a  
6 large alumina bauxite mining producer,  
7 JPS, Jamaica Public Service Company, who  
8 is building a new 360 megawatt IPP Project  
9 in the Old Harbour area, and JEP who has  
10 got existing two power barges,  
11 125 megawatts, and the power barges are  
12 already existing and operating. The  
13 location of the he terminal, I noted  
14 that's been opened in the past, it's  
15 really in consultation with the Port  
16 Authority. Kingston Harbour is not  
17 available so really the best place for it  
18 anyway is Port Esquivel, the Portland  
19 Bight area, because that's where the  
20 initial demand is. The Old Harbour, both  
21 the JEP, JPS power barges or power plants  
22 are in the Old Harbour, Port Esquivel  
23 area, as well as the Jamalco in Clarendon,  
24 right next door. So Port Esquivel is the  
25 preferred site for that.

1 MR. MEGGINSON: In the terminal design, I know we will get  
2 into it a little bit more with Paul  
3 Sullivan, but I just wanted to point out  
4 that the terminal design has not been  
5 something arbitrary, it's been very  
6 deliberate. The base case selection is a  
7 double berth, hard armed, near shore  
8 option, and there is a couple of reasons  
9 for that. No. 1, once LNG is  
10 incorporated into the mainstream of the  
11 energy sourcing in Jamaica, eventually we  
12 are going to have some onshore storage and  
13 having a near shore option provide that.  
14 So it could provide that, it can help  
15 migrate towards it.

16  
17 MR. MEGGINSON: The second thing is, we have had extensive  
18 discussions with the Marine Department,  
19 within the super majors, the BP, VG,  
20 Shell, Chevron, and they express a strong  
21 recommendation for hard armed transfer  
22 between the LNG carriers and the FSU,  
23 FSRU, and they had a strong problem with  
24 flexible hoses, and so we made a decision,  
25 because we wanted to make sure we have --

1                   it's very, very important to have as much  
2                   competition and as much broad base of  
3                   potential supplier of LNG supply as  
4                   possible for the competition and for  
5                   pricing. That's really where the project  
6                   makes or breaks it, and so we didn't want  
7                   to exclude any of the super majors, and  
8                   it's a little bit extra cost, but it will  
9                   pay off in the end.

10

11   MR. MEGGINSON:   We do want to talk about the permitting.  
12                   We have asked NEPA representative Michelle  
13                   Grant to talk about the permitting  
14                   process. She has prepared a permit  
15                   roadmap to explain to the potential  
16                   bidders the permitting process within  
17                   Jamaica. There is an EIA that will be  
18                   required for the infrastructure, so you  
19                   have to understand what that includes and  
20                   how to progress that, and NEPA has been a  
21                   great partner in this process and Michelle  
22                   Grant will talk a little bit further about  
23                   it.

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2 MR. MEGGINSON:

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We also have representatives from the Caribbean Coastal Area Management Foundation, C-CAM, and they are responsible for a lot of the Portland Bight; they manage the Portland Bight on behalf of NEPA and the other environmental groups, and so they are going to be talking about the areas in the Portland Bight and their vision for the Portland Bight. So we need to be cognizant that the Portland Bight is a protected area and that's where Port Esquivel is, and then just briefly the evaluation team has not been identified, selected, but the basic outline has been discussed and framed, and it will be a broad based combination of governmental ministries, the members of the Steering Committee as well as international advisors.

Mr. Zacca talked about the evaluation will be conducted in a very, very fair and straightforward manner. The evaluation criteria is in. The RFP, we have one

1 modification to include Jamaican content,  
2 which was an error in the beginning but we  
3 corrected that, and so the evaluation will  
4 be conducted most likely December, and the  
5 results should be known by sometime in  
6 January. We want to expedite this and  
7 make sure everything is in alignment.

8  
9 MR. MEGGINSON: The second to last thing, this thing about  
10 alignment, we are bringing all the phases  
11 of the project together. We have four key  
12 phases: one is the supply, the other is  
13 the offtake, the other is the  
14 infrastructure and the other is  
15 Regulations. All four of these are being  
16 pressed forward at the same time  
17 concurrently so that this project becomes  
18 a holistic whole that can be achieved. We  
19 are not pressing forward just one aspect,  
20 but all of it at once, and that's why the  
21 assistance of the team and the LNG  
22 Steering Committee has been so critical.  
23  
24 Last item, we do have the website.  
25 Hopefully you have all visited that. Its

1 [www.cabinet.gov.jm/procurement/lng](http://www.cabinet.gov.jm/procurement/lng).  
2 Please monitor that website. We have  
3 already posted clarifications and  
4 addendum, and we will continue that, and I  
5 know that we have received additional  
6 questions that we are work on answering,  
7 so very shortly you will see additional  
8 information on that. Thank you.

9  
10 MODERATOR: Thank you Mr. Megginson. Just using the  
11 few minutes just to acknowledge the  
12 supporting agencies with representatives  
13 here this morning. This project would not  
14 have been possible without the help of the  
15 OUR; representatives from the PCJ. We  
16 have representatives from the Ministry of  
17 Energy and Mining as well as NEPA and the  
18 Jamaica Bauxite Institute. We are also  
19 seeing representatives from the Solicitor  
20 General's Department. Thank you. We will  
21 now have Mr. Paul Sullivan from  
22 WorleyParsons, Director Global LNG, who  
23 will speak to us on the basis of design.

24  
25 MR. SULLIVAN: Thank you. Honourable guests, ladies and

1 gentlemen, I am just going to speak for a  
2 little while. Anyway just to give you a  
3 little bit of background, I want to talk  
4 briefly about the BOD, "Base of Design"  
5 and obviously about the technical elements  
6 of this project, which is why  
7 WorleyParsons are here. My background is,  
8 I have worked for the last 25 years in LNG  
9 with a company call British Gas and a  
10 couple of other companies and now at  
11 WorleyParsons, and when we were fortunate  
12 enough to be appointed as the technical  
13 advisors in March of this year, we went  
14 about a comprehensive review with the team  
15 here, of the options available and of the  
16 development of the RFP in support of the  
17 project, and it's interesting to know, and  
18 obviously I covered the world at large for  
19 WorleyParsons, and it's interesting to  
20 note in the last year, and this is a  
21 recent phenomenon, the offshore FSRU or  
22 floating import terminal option has been  
23 applied. I think roughly 70 percent of  
24 the projects we are looking at now-a-days,  
25 incorporate this type of technology,

1           either as an option or as the primary  
2           focus. The reason for that is the quick  
3           deployment and the relatively lower cost  
4           than permanent onshore terminal. With  
5           this in mind, and Worley Parsons have  
6           considerable experience in this area, and  
7           we used our lead engineers in various  
8           offices to put together the current Scope  
9           of Works and of course the Basis of  
10          Design. The issue with floating LNG is  
11          that it's a lot more commoditized process,  
12          and we were on direct instructions from  
13          the Steering Committee and from Ernie, to  
14          try and make this as open and as  
15          transparent a bid process as possible, to  
16          obviously try and be as inclusive as  
17          possible, and that's what you will have  
18          seen in the BOD. Hopefully you are not  
19          going to have 900 questions afterwards  
20          because that's going to make me look  
21          foolish in thinking that I have covered  
22          most of the items. In essence, what we  
23          are trying to do is maintain it very open,  
24          give every company or group an opportunity  
25          to participate by not precluding or

1                   legislating against any form of  
2                   involvement on this. We know the  
3                   technology is good. We have several  
4                   ongoing projects in Worley Parsons, mainly  
5                   in southeast Asia and India, incorporating  
6                   these technologies in their various forms,  
7                   so we are very, very aware, of what the  
8                   market is like and what the most economic  
9                   solution India is likely to fall into in  
10                  terms of a band of solutions, but not  
11                  directing anyone towards a specific  
12                  solution.

13  
14                  We hope that the RFP is as open as  
15                  possible, we hope it is as inclusive as  
16                  possible, because ultimately what we are  
17                  trying to get from this is the lowest  
18                  cost, safe and reliable solution for  
19                  providing gas into Jamaica, and because  
20                  obviously that is the government's  
21                  intention, to provide this clean and  
22                  relatively -- relatively I say, because no  
23                  hydrocarbon is cheap, but relatively low  
24                  cost solution for replacement of liquid  
25                  hydrocarbons. I am going to close out

1                   now, because I think that's as much as I  
2                   would really have to say, is the fact that  
3                   we hope we kept it open, and we hope that  
4                   it is comprehensive and fairly clear to  
5                   all of you as bidders.

6  
7   MR. SULLIVAN:       So what we will be doing here is we will  
8                   answer what questions we can today.  As  
9                   you know yourself, this RFP runs to about  
10                  ten major documents, and I will have to be  
11                  honest, but rather than give answers off  
12                  the cuff, if we are not readily able to  
13                  answer the questions here we will record  
14                  the questions, my colleague here will be  
15                  recording the questions, and we will be  
16                  getting a turn around on the answers as is  
17                  normal, within the normal method of  
18                  communication.  I would hope that most of  
19                  the questions that we can't answer  
20                  directly here today we will have answers  
21                  for by the time the site visit tomorrow.  
22                  It's not that I am going to be working 24  
23                  hours, but we have offices in KL and in  
24                  Singapore who can probably provide us with  
25                  those answers in the mean time, because

1 that's where the RFP originated. So  
2 basically that's what I have to say.  
3 Hopefully we will be able to answer as  
4 many of the questions as possible but if  
5 not you will forgive us and accept the  
6 fact that we will have a rapid turn around  
7 on those. Thank you.

8  
9 MODERATOR: Thank you Mr. Sullivan. The National  
10 Environmental Planning Agency's  
11 representative here this morning  
12 Ms. Michelle Grant.

13  
14 MS. GRANT: Madam Moderator, Mr. Zacca, Dr. Dallas,  
15 Mr. Vidal, my colleagues, members of the  
16 audience, pleasant morning. Today I just  
17 want to talk a little built on NEPA's role  
18 and how we have been involved in guiding  
19 the process to facilitate this  
20 development, and also our plans to  
21 monitor, which from an environmental  
22 perspective is more important, because  
23 this is where we manage what happens and  
24 we ensure that compliance standards are  
25 adhered to.

1 MS. GRANT: Briefly, I just want to talk a little bit  
2 about the role of NEPA, NEPA's mandate.  
3 We are basically charged with the  
4 responsibility to promote sustainable  
5 development and ensure the protection of  
6 the natural environment and orderly  
7 development in Jamaica. Now, as in any  
8 regulatory agency charged with those  
9 responsibilities, there are legislative  
10 mandates. Our primary Acts today are the  
11 Natural Resources Conservation Act, which  
12 from that you have the Permit and Licence  
13 Regulation and also the Beach Control Act  
14 which speaks about actions or activities  
15 that impact the foreshore, the flow of the  
16 sea or the water column. In carrying out  
17 our mandate there are about five or so  
18 core functions that NEPA has, and they  
19 include land use, zoning, setting up  
20 environmental and planning standards,  
21 review of the development approval  
22 process, within which this process will be  
23 a part of; to review these applications,  
24 whether environmental or planning and to  
25 conduct environment and planning research

1 and, of course, monitoring, which I  
2 alluded to first. I want to put a lot of  
3 emphasis on monitoring today, because this  
4 is where real hard core environmental  
5 management falls within.

6  
7 MS. GRANT: Zoning into this project, the LNG project,  
8 there are possibly about five or four  
9 different types of approval that will be  
10 required. You will be needing planning  
11 approval, environmental approval, based on  
12 the Permit and Licence Regulation, as I  
13 said before, and the Beach Licence, and  
14 you also need building. So here we see  
15 where this project crosses the terrestrial  
16 and the marine environments. If I should  
17 zone in on the environmental and permit  
18 licence system, this system was  
19 implemented in 1997, January 1 in fact.  
20 It doesn't grandfather, meaning that  
21 existing facilities that require permit,  
22 based on those that are listed in the  
23 category do not require permit, but new  
24 projects require permits. It basically  
25 outlines, and it's linked to the Act in

1 sections 9, 10 and 12, where it can ask  
2 for an EIA as Ernie made mention to  
3 earlier, and it outlines activities for  
4 which an environmental permit is needed.  
5 A licence is needed if you are going to be  
6 discharging trade effluent.

7  
8 MS. GRANT: When an application is submitted to NEPA  
9 it goes through a process of screening.  
10 So we will look at the project, look what  
11 the project details include, builds,  
12 screen. From that screening process we  
13 will determine if there is an EIA that's  
14 needed or how likely it is that one is  
15 required. And to do this we look at  
16 several parameters, and I am trying to  
17 make it specific to LNG. So, for example,  
18 we will look at things that's related to  
19 this LNG Project, the mere fact that it is  
20 located in a protected area. C-CAM will  
21 speak to that later. Land use and zoning,  
22 dredging, the methodology that's proposed,  
23 the existing benthos, that's the marine  
24 organisms, sedimentation, because it  
25 crosses both terrestrial and marine

1 environments. Also the impact to mangrove  
2 and prescriptive rights. Persons who have  
3 been already using that environment, we  
4 have to see how the different user groups  
5 will relate.

6

7 MS. GRANT: I must note that we have been working on  
8 the sub-committee of the LNG, it's the  
9 Environment and Technical Sub-committee,  
10 since about February of this year, and we  
11 have been doing work, hard work, tight  
12 time lines, but exciting I would say. And  
13 so we have pretty much looked at this  
14 project not only from a specific  
15 standpoint but also from a broader  
16 standpoint, looking at the whole strategic  
17 environmental assessment, and pretty much  
18 we have come up with the major parameters.  
19 They are as follows: Local Environmental  
20 Impact, Growth and Development, Site  
21 Selection, Energy Policy, Legal Framework,  
22 security issues, Transmission and  
23 Transportation.

24

25 Now, as it relates to the local

1 environmental impact, we have further  
2 zeroed into coastal and marine, the land  
3 impact, the cumulative impact of the area  
4 that's proposed for the development to be  
5 established, risk analysis, operational  
6 and construction.

7

8 MS. GRANT: For "Growth and Development" we have  
9 looked at new technologies, other options  
10 or relating projects that can happen as a  
11 result of LNG. There is a new sphere in  
12 environmental management that NEPA is  
13 about to establish in its Terms of  
14 Reference for EIA, and that's Natural  
15 Resources Evaluation. As it relates to  
16 this project we will have to look at the  
17 terrestrial eco-system as well as the  
18 coastal eco-system. In terms of sight  
19 selection we have existing land use,  
20 availability of land, land in sight,  
21 transmission route, alternative sites,  
22 which from an environmental perspective --  
23 and when you are talking about TORs, EIA,  
24 we always consider alternatives, whether  
25 it's an alternative site, an alternative

1 route, no alternative, et cetera. Also,  
2 the proximity to receiving areas, what  
3 infrastructure exist currently. And we  
4 try to, as I said before, put this into a  
5 macro framework. So we have looked at  
6 legal issues, how what we are doing on an  
7 environmental level relates to the energy  
8 policy, for example, and how this can  
9 contribute to the local economy, and also  
10 linkages to the other sector.

11

12 MS. GRANT: I just want to touch a little bit on the  
13 Environmental Impact Assessment process,  
14 to say that it has pretty much three arms:  
15 The public, how the public is involved in  
16 the review, also the information based on  
17 your research, and that will be tied to  
18 the Terms of Reference, how that is  
19 scoped, and also at the end this comes up,  
20 monitoring and follow up.

21

22 Now, when it is deemed necessary that an  
23 environmental impact is needed for the  
24 project, both the developer and NEPA agree  
25 on the Terms of Reference. These are

1 posted and we allow the public to comment  
2 on it. There are also several agencies  
3 that we have to liaise with as it is  
4 project specific and site specific. So in  
5 a case like this we have to liaise with  
6 Port Authority and Maritime. Because of  
7 who the receivers are we would probably  
8 include JBI and other stakeholders. So we  
9 look at that, we agree on those, and then  
10 we pretty much determine the Table of  
11 Contents of the document for review. When  
12 that is done and submitted it is posted on  
13 our website, a public presentation is  
14 held, and we allow a time period of 30  
15 days for the public to make their  
16 comments. If it merits consideration we  
17 will include it, and also we are trying to  
18 implement a feedback mechanism to say how  
19 that input was taken into the whole review  
20 system. It goes to board meetings, of  
21 course, for decision, but before that it  
22 goes through a stage or a number of  
23 internal and external meetings, hence  
24 making a recommendation to the board for  
25 the board to decide.

1 MS. GRANT: If a decision is taken that it should be  
2 granted, an Environmental Permit, that is  
3 done, we advise, and the public is also  
4 notified by way of posting on our website.  
5  
6 I would not want to close this  
7 presentation without touching on the  
8 planning aspects, because you know NEPA is  
9 also responsible for the planning  
10 mechanisms. I spoke earlier about  
11 acquiring permission for building, and  
12 that would fall under the planning  
13 application process. So in addition to  
14 Environmental Permit there is the Planning  
15 Permission which is required. These  
16 applications are submitted to the local  
17 planning authority. So say, for example,  
18 this project is going to be located at  
19 Port Esquivel, that's in the parish of  
20 St. Catherine, the applications for  
21 planning would be made at the St Catherine  
22 Parish Council. It's interesting to note  
23 though, that after the application is  
24 lodged there it is forwarded to NEPA for  
25 their review, and I must point out the

1 relationship between the Planning Act and  
2 the Environmental Act, to say that  
3 planning permission cannot be granted  
4 until there is a clear outline of an  
5 environmental decision. So I think pretty  
6 much we have covered in the short time and  
7 in a nutshell NEPA's role, and to say that  
8 we are happy to be a part of this  
9 sub-committee and we will continue to play  
10 our role in protecting Jamaica's natural  
11 resources. I thank you.

12

13 (A P P L A U S E) .

14 .

15 MODERATOR: Thank you Ms. Grant. We will now have an  
16 overview of the Portland Bight protected  
17 area by C-CAM. Special welcome to the  
18 representative of the Cabinet Office, I  
19 speak specifically of Mrs. Lee-Salus,  
20 welcome Mrs. Lee-Salus.

21

22 (A P P L A U S E) .

23

24 MR. HAYE: Morning everyone, my name is Donovan  
25 Brandon Haye, I am the scientific officer

1 for the Caribbean Coastal Area Management  
2 Foundation, C-CAM. Ms. Ingrid Parchment  
3 is our Executive Director and we have been  
4 invited to advise you, give a little  
5 update as to what has been happening with  
6 the environmental protection in the  
7 Portland Bight area. Very short notice,  
8 so I didn't actually prepare for a  
9 presentation of this size, but I will give  
10 you an overview of C-CAM first and then a  
11 little bit about Portland Bight. C-CAM is  
12 an environmental and development NGO, a  
13 non-governmental organization. However,  
14 we work very, very closely with Government  
15 partners at every level, from the Ministry  
16 of Environment all the way down to the  
17 Parish Council and the Parish Development  
18 Committees and so on. As an environment  
19 and development NGO we see our role as  
20 brokers in the business of co-management,  
21 allowing the local stakeholders and  
22 partners to participate in the management  
23 of the Portland Bight protected area.  
24  
25 Portland Bight protected area is 520

1 square miles of protected area. It's  
2 Jamaica's largest. That's the approximate  
3 figure by the way, but about 520 of that  
4 is actually marine space that makes the  
5 Portland Bight protected area the only one  
6 that is both terrestrial and marine in  
7 Jamaica. Even though the land part is  
8 less than a third of the total area, the  
9 land part is larger than the next largest  
10 protected area. We are talking about a  
11 very large area that encompasses most of  
12 the south coast of Clarendon and  
13 St. Catherine, out all the way to the  
14 drop off, the island shelf, which is about  
15 14 miles at its longest point from Old  
16 Harbour Bay to the drop off. So we are  
17 talking about a massive area here. There  
18 are several high value environmental  
19 targets and assets within the area. The  
20 protected area was deliberately designed  
21 with boundaries that included the local  
22 communities. There are about 40  
23 communities that fall within the Portland  
24 Bight protected area, and that was  
25 deliberate, because the vision for the

1 management of Portland Bight is that it  
2 would be of the form of a biosphere  
3 reserve, in that we are seeking to create  
4 harmony between man and its development  
5 and the environment, and therefore that  
6 requires a whole lot of talking, a lot of  
7 meeting, a lot of allowing people to be a  
8 part of the planning process, giving  
9 people a voice. So that is what we as the  
10 local NGO concentrate on, on giving people  
11 a voice; organizing them into stakeholders  
12 group and supporting those groups, helping  
13 them to grow, helping them to be able to  
14 achieve whatever goals they may have for  
15 themselves.

16

17 MR. HAYE: A little bit about Portland Bight itself:  
18 As I said before, it's a multi-use area.  
19 In addition to 40 communities there are  
20 large factories and farms and industrial  
21 development. There are four limestone  
22 forests, these are dried forests located  
23 on limestone outcrops which are unique in  
24 the world, in that they have a fairly high  
25 percentage of endemism. A lot of the

1 native plants are actually known only from  
2 this area, from a specific locale and a  
3 few individual examples. So we are  
4 talking about very, very sensitive plants  
5 and also animals. Because of the unique  
6 habitat it's a very dry area. As I said,  
7 it's located on limestone, there is very  
8 little rainfall in the area and almost no  
9 surface water in the hills, and so the  
10 plants and animals are highly adapted to  
11 that particular environment, and so we  
12 have species like the Jamaican Iguana, we  
13 have the Yellow Snake, we have the  
14 Jamaican coney, quite a number of other  
15 things; birds in particular, which this  
16 area is their last refuge, the mainstay of  
17 their population in Jamaica, because much  
18 of the other areas are fragmented and  
19 small, and this is the largest continuous  
20 area of coastal mangrove that we have  
21 left. It virtually runs from Old Harbour  
22 Bay almost all the way round the  
23 coastline, and with a few breaks here and  
24 there for ports, but it's still in  
25 extremely good condition, and it provides

1                   tremendous economic and social services to  
2                   us as a country.

3

4   MR. HAYE:           Portland Bight protected area was created  
5                   in 1999, to sort of harmonize and bring  
6                   some structure to the thinking about  
7                   Portland Bight area and how we would like  
8                   to see that area being developed.  
9                   Unfortunately I don't have a map that I  
10                  could show you, but as I said before it  
11                  encompasses Hellshire Hills, Braziletto  
12                  Mountain, Portland Ridge, and also Kemps  
13                  Hill, which of course is a small dry  
14                  natural dry limestone forest; and from the  
15                  eastern edge, which is at Port Henderson  
16                  Hill, going south all the way down to the  
17                  drop off. It more or less extends  
18                  westerly across the island and goes back  
19                  down to the sea at Parkers Beach, which is  
20                  just before the Milk River area -- most of  
21                  you are familiar with that -- and then  
22                  from there it goes right down to the  
23                  island drop off, and so both terrestrial  
24                  and marine in that fit.

25

1

2 MR. HAYE:

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Also, because of the shape of the island's shelf, the fact that the shelf is much wider in Portland Bight than anywhere else around the island, more than half of the shallow shelf of the island is within this protected area, and so fishery management is something that's very, very important to us, and the marine environment being two-thirds of the protected area and half of the island shelf it is extremely important, so we are very happy to have been brought in, in the discussion at this early stage, to sort of guide the process and provide our input into the thinking. I mentioned some of the protected species, the crocodiles, the whistling ducks, the coney, the Jamaican Iguana and so on.

In addition to the Portland Bight area there are also within the protected area several layers of protection. We are talking about not just a single protected area but probably some of the most protected real estates in Jamaica, because

1           there are at least four game reserves  
2           within the protected area. Presently  
3           speaking there are three fish sanctuaries  
4           and a fourth on the way and several others  
5           waiting in the wing. There are forest  
6           reserves and a .... site which encompasses  
7           most of the coastline as well as the  
8           propose biosphere reserve, so we are  
9           talking about an area that is so valuable  
10          in the eyes of our Government and our  
11          people that there are several layers of  
12          protection that have been placed in and  
13          around the area, and so saying that just  
14          to say that we need to tread with caution  
15          and have a very high environmental  
16          standard in anything that we do in this  
17          area.

18  
19          Just to finish up, in the area sugar used  
20          to be the major economic active, and with  
21          the decline of sugar there is a lot of  
22          demand for employment. Most of the  
23          communities are poor rural communities and  
24          so a lot of what we do has to do with  
25          working with these people to empower them,

1                   and any commercial and economic  
2                   development that takes place in the area  
3                   will be a necessary part of its economic  
4                   and environmental development. But being  
5                   very, very sensitive, we are hopeful that  
6                   all of the participants, partners who are  
7                   interested in working in Portland Bight,  
8                   would see the Portland Bight protected  
9                   area and the mechanisms that are in place  
10                  for managing the environmental resource  
11                  as an important stakeholder and partner in  
12                  helping them to conceptualize what it is  
13                  they want to do and help to fit  
14                  harmoniously into the environment, both  
15                  social, economic and environmental in the  
16                  Portland Bight area. And so as I said, I  
17                  wasn't fully prepared for a presentation,  
18                  that's about all I would like to say at  
19                  this time, unless there are questions.  
20                  Thank you very much.

21

22                   (A P P L A U S E) .

23

24    MODERATOR:           Thank you Mr. Haye. Ladies and gentlemen,  
25                           refreshments are available for the end of

1 the proceedings, but what we are having  
2 now though is a five minute break in case  
3 anybody needs water, juice, any liquid  
4 refreshments. We are just taking a five  
5 minute break now.

6

7

8

(B R E A K)

9

10

ON RESUMPTION

11 MODERATOR:

Ladies and gentlemen, could you please  
12 return to your seats for the next segment  
13 of the meeting. Joining us for the next  
14 session is Solicitor General Douglas Lays  
15 Q.C., welcome.

16

17

(A P P L A U S E)

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25

I am just going to ask Mr. Megginson to  
reintroduce the panelist for this section,  
questions and answers, and we are going to  
ask individuals who have questions to  
proceed to the microphones in the aisles,  
and you may direct your questions to the  
technical persons at the head table.

1  
2 MR. MEGGINSON: We have too many technical experts,  
3 unfortunately, so we need to weed them  
4 out. Michelle Grant is still available.  
5 Capt. Mendz from the Port Authority worked  
6 on the study of the shore-based LNG  
7 project back in 2004 at Port Esquivel, so  
8 he has got a lot of good information  
9 about it. Worrel is part of the Jamaica  
10 Bauxite Institute, he knows the area and  
11 knows the customers quite well. Of course  
12 you have talked with WorleyParsons. Ted  
13 is a marine engineer manager for  
14 WorleyParsons, so he helped build some of  
15 the Kingston port back in the 90s and  
16 80s, so he is very familiar with Jamaica;  
17 and our LNG expert Paul Sullivan and our  
18 commercial advisor Walt Teter. There are  
19 a couple of groups with the environmental  
20 consultants in the audience, I don't know  
21 who you are, but if you could just stand  
22 up and maybe quickly just introduce  
23 yourselves, because I think that the local  
24 environmental groups are going to be very  
25 important to the infrastructure providers.

1 If you can just introduce yourselves.

2

3 MR. CAMPBELL: My name is Carlton Campbell from CL  
4 Environmental Company Limited.

5

6 MR. MEGGINSON: You have been involved with a lot of the  
7 work in Port Esquivel with JEP.

8

9 MR. CAMPBELL: Right, Jamaica Energy Partners.

10

11 MR. MEGGINSON: Good familiarity with the area.

12

13 MS. SMITH: Good morning, I am Ianzy Smith from  
14 Environmental and Engineering Managers  
15 Limited, I have done some work with JPS,  
16 rapid environmental Assessment for  
17 proposed projects in that area, in the  
18 same Portland Bight area.

19

20 MR. BURGESS: Good morning, I am Chris Burgess C-AC  
21 Solutions, we have done a fair amount of  
22 work with Brinkers, CEMEX in the Jamalco  
23 area. Likewise through CL Environmental,  
24 with JPS and JEP and others in the  
25 immediate area.

1

2 MR. MEGGINSON: Thank you. We are missing some data in  
3 the RFP towards med-ocean soils  
4 information and all that, a lot of the  
5 information is missing from the RFP  
6 document, these fellows and lady might  
7 have access to it, so I encourage all the  
8 potential bidders to talk to these  
9 individuals and get to know them. I would  
10 also like to introduce Bruce Donaldson, he  
11 is in the back, he represents Old Harbour  
12 Estates. In the Port Esquivel area there  
13 is Windalco, Old Harbour Estates and JPS,  
14 that own the shoreline properties that you  
15 will be dealing with to have access to the  
16 shoreline. With that we would just like  
17 to open the floor for questions. We have  
18 the panel, we will record them and post  
19 any of the answers on the website and its  
20 clarifications.

21

22 MR. MEGGINSON: Anybody has any questions or everybody is  
23 an expert?

24

25

(LAUGHTER)

1

2 MR. SHERMACO: Good morning everybody, my name is Wayne  
3 Shermaco with BW Interest, and our  
4 questions basically concern guarantees.  
5 We would like to know, as a hardware  
6 supplier, we are going to bring in very  
7 expensive solutions, who is going to  
8 guarantee the payment, and I also tie it  
9 back to LNG, because if the LNG is not  
10 paying it, how do we get financing.

11

12 MR. TETER: Essentially the RFPs for both the supply  
13 and the infrastructure layouts of the  
14 basic commercial outline, which is the  
15 creation and institution of the Jamaica  
16 Gas Trust, which will act not only as the  
17 commodity buyer of the liquified natural  
18 gas, we will also act as the party that  
19 subscribe to the capacity from the  
20 infrastructure provider. The JGT will be  
21 initially capitalized by institutional  
22 funds to the amount of US\$100 million, as  
23 well as seek guarantees for offtake from  
24 the buyers for an equal amount. In turn  
25 the JGT will provide that liquid credit

1 support to the infrastructure providers as  
2 well as to the LNG suppliers. As I  
3 believe clarified in the RFP, the amount  
4 intended for both parts is US\$100 million  
5 towards the infrastructure provider and a  
6 like amount toward the LNG commodity  
7 supplier.

8  
9 MR. TETER: Chairman Zacca pointed out that from the  
10 buyer side we are looking at secured  
11 letters of credit or other equivalent  
12 forms of security that one would expect in  
13 this type of international commerce type  
14 transactions.

15  
16 MR. MEGGINSON: Any other questions?

17  
18 MR. SHERMACO: The other question I had was what would  
19 encourage JEP and JPS to convert to using  
20 natural gas versus heavy fuel.

21  
22 MR. MEGGINSON: JPS is building a new IPP project and as  
23 part of the bid process it was highly  
24 encouraged. There was a preference given  
25 for natural gas, encouraging the more

1 efficient use of energy, more efficient  
2 conversion to electricity, that's why they  
3 are doing it, and JEP, because it is a  
4 matter of dispatch, their order of  
5 dispatch, and JEP is involved with that.  
6 I should let them talk but they are not  
7 represented today. By the way JPS is  
8 represented by a distinguished group of  
9 fellows back there, Mr. Val Fagan, John,  
10 and David Cooke. So you can ask them  
11 directly their preference.

12 .

13 PARTICIPANT: If JPS is going to put in a plant as you  
14 say, a new plant, and the design is to use  
15 LNG, is that going to be the cheapest  
16 source of energy relative to what is  
17 happening now? Is anything going to  
18 happen to this country?

19

20 MR. ZACCA: We are going to remain focused on what we  
21 are tasked by the Cabinet of Jamaica to  
22 do, and that is to provide a LNG solution  
23 to a particular segment of the energy  
24 market. So really, that question should  
25 be properly addressed to other parties not

1 this group.

2

3 PARTICIPANT: He talked about the Public Service  
4 Company, I am only asking for our  
5 protection against the JPS.

6

7 MR. ZACCA: Our job is to deliver LNG to Jamaica.  
8 Without LNG the new power station would  
9 not be efficient and it would cost a lot  
10 more to operate. What we are doing will  
11 definitely benefit Jamaica. In fact, when  
12 you look, one of the major launcher,  
13 off-taker, is Jamalco, which is the  
14 largest alumina refinery -- actually the  
15 largest operating alumina refinery in  
16 Jamaica, and energy solution is critical  
17 to the future of the bauxite alumina  
18 industry in this country, which most of  
19 you may know or should know that's the  
20 largest single contributor to our GDP of  
21 any particular industry.

22

23 MR. MEGGINSON: Anybody else? I would encourage if any of  
24 you folks do have questions, remember we  
25 can also obviously receive them in the

1 normal fashion by e-mail. Any questions  
2 which are raised during the visit tomorrow  
3 we will respond to on an email basis in  
4 the proper fashion, and so it may well be  
5 that people will be struck by other  
6 questions as we go along.

7  
8 MR. WEDDERBURN: Morning, I am Steven Wedderburn, just  
9 representing myself for the moment. A  
10 simple question first: Which is the  
11 Government agency conducting this tender?

12  
13 MR. ZACCA: The tender was launched under the office  
14 of the Cabinet and their procurement unit  
15 is in charge of this particular tender.  
16 The policy decisions on the project are  
17 now being made by the Ministry of Energy  
18 and Mining.

19  
20 MR. WEDDERBURN: Going back to the questions regarding the  
21 guarantees and the structure of the JGT,  
22 is it possible to provide some more  
23 explanation how the JGT is going to be  
24 established, and then what I am wondering,  
25 is it really going to be a private entity

1 or is it a Government entity masquerading  
2 as a private entity? For instance, who  
3 will be appointing the board? Will the  
4 Cabinet be appointing the board of this  
5 Trust or will it be subject to Government  
6 practices? And also on the guarantees,  
7 you say it's going to be capitalized  
8 \$100 million and there will be a  
9 \$100 million guarantee from the  
10 off-takers, and basically that will be  
11 used to give 100 million to the  
12 infrastructure provider and 100 million to  
13 the LNG supplier. Also you are requesting  
14 though that the infrastructure supplier  
15 and LNG supplier also give you cross  
16 guarantees. Am I to assume that the gas  
17 off-takers are not going to ask the JGT to  
18 also give them a \$100 million guarantee in  
19 return for the guarantee that they are  
20 given?

21

22 MR. ZACCA: I am going to ask Solicitor General to  
23 consider carefully the last part of the  
24 question which is about cross guarantees.  
25 There was a first part that Steven asked

1                   which related to whether it's Government  
2                   or private sector. It's private sector.  
3                   Clear mandate from the Cabinet to me and  
4                   to the Committee was that it cannot  
5                   involve any Government exposure, and  
6                   clearly the private sector is not going to  
7                   put up their money without having full  
8                   control over it. The board will be  
9                   appointed by the investors and the  
10                  specific legal structure and the Articles  
11                  of Association and Trust rules and so on  
12                  are going to be worked out in the next  
13                  couple of months, and they will be made  
14                  public to the bidders and to the public of  
15                  Jamaica, and it will be totally  
16                  transparent. There may be need for an  
17                  initial structure, which is a holding  
18                  structure, that would be a Government  
19                  discussion, a Governments decision, but  
20                  that will be very rapidly removed and  
21                  superceded by a fully private sector  
22                  structure. Does that answer your  
23                  question?

24

25       MR. WEDDERBURN:   For the time.

1

2 MR. ZACCA: SG, in terms cross guarantees?

3

4 MR. LAYS: Yes, Steven, there may be cross guarantees  
5 but in any event we are reasonably sure  
6 that if the securities that the JGT pose,  
7 then those securities could be made  
8 assignable to the off-takers in the event  
9 that they are asking for it.

10

11 MR. WEDDERBURN: If I can go again. Just a simple  
12 question. I want to say if the off-takers  
13 they put up their 100 million and they say  
14 to the JGT give me 100 million in return,  
15 it would mean the JGT would be giving  
16 300 million in guarantees, so I would just  
17 like you to clarify it, are the off-takers  
18 going to ask JGT for a guarantee? You may  
19 not be able to answer it now, but we would  
20 appreciate the clarification.

21

22 MR. LAYS: We can't answer that now Steven, that's  
23 something which we will get into in  
24 negotiations with the developers. It  
25 would be very premature to give an answer

1 to that at this juncture.

2

3 MR. WEDDERBURN: On the evaluation criteria, I am a bit  
4 concerned that there is a big over  
5 emphasis on cost and really the least cost  
6 or the actual cost of chartering or  
7 getting the infrastructure facilities.  
8 You have 40 points allocated to cost, and  
9 then even within that the person who  
10 submits to the lowest cost gets a very big  
11 advantage over anybody else. So really  
12 what it means is, if you read the  
13 evaluation criteria, what you are looking  
14 for is somebody to give you the cheapest  
15 solution, cheapest trip, which based on  
16 what you have is likely to be a 30 year  
17 old 125,000 cubic meter vessel. Now, I am  
18 concerned, because I think there are  
19 important things that you are not  
20 reflecting in your evaluation criteria.  
21 Say if I was a FSRU provider wanting to  
22 put in a modern new build FSRU, I am going  
23 to be severely penalized based on the  
24 evaluation criteria you have. First,  
25 there is nothing in the evaluation

1 criteria that addresses the life of the  
2 FSRU. You say this and you build that it  
3 must have a 40 year life span, but there  
4 is nothing to -- I get no points if I put  
5 in a vessel that can last 40 years versus  
6 a vessel that can last 20 years. Also, I  
7 think you totally overlook fuel  
8 efficiency. You get at 30 year vessel you  
9 are going to get a 30 year old power  
10 plant, the fuel is the cost of the  
11 customer, the cost of the JGT and  
12 ultimately the cost of JPS and the other  
13 off-takers, but there is nothing in the  
14 evaluation criteria that addresses fuel  
15 efficiency, so again if I put in a brand  
16 new FSRU which is much more fuel efficient  
17 than an older ship I am likely to be  
18 penalized.

19

20

(A P P L A U S E) .

21

22 MR. SULLIVAN: I will pick up on this one here. I can  
23 tell you we went through a great deal of  
24 discussion on the evaluation criteria.  
25 These criteria actually reflect other

1 projects in the real world, and where  
2 similar types of considerations have been  
3 taken into account. You pick up one or  
4 two items there, Steven, but in essence if  
5 you look at the broad range of criteria,  
6 there are very, very, if you like to say,  
7 high marks achieved by new built, by  
8 larger storage. The respective complaints  
9 both ways around have been quite similar.  
10 Each group who might potentially be  
11 putting a new build in place or a  
12 reconditioned ship in place, have found  
13 reason to sort of question some of these  
14 criteria. But what we have, in relation  
15 to fuel efficiency as you know, and that  
16 is part of the evaluation, will be the  
17 op-ex cost of the facility. In addition  
18 to which we have put a heavy emphasis on  
19 larger storage volumes, and there are high  
20 marks achieved for providing those. So as  
21 you refer to, quite correctly, the 125,000  
22 old lady ship will be at a considerable  
23 disadvantage in this area, insofar as the  
24 fact that they have a much lower storage  
25 capability. What I can tell you is that

1 on the last three projects that we have  
2 supported clients on bidding out, the  
3 criteria have been quite similar to this,  
4 and they seem to have achieved very, very  
5 active bidding across the industry on that  
6 basis. So I can tell you that's what's  
7 happened. Nothing is going to be perfect  
8 in the overall scheme of things, but we  
9 have done our best to try and maintain  
10 this as open a competition as possible and  
11 as transparent an evaluation as possible.

12

13 MR. TETER: If I could maybe address a bit,  
14 Mr. Wedderburn, your question on the  
15 economic criteria as well. Clearly the  
16 overriding goal of the Steering Committee  
17 is to provide the lowest cost energy  
18 resource for the people of Jamaica. In  
19 doing so there is a heavy emphasis both on  
20 the infrastructure RFP and on the supply  
21 RFP of minimizing the cost of that  
22 alternative fuel supply. I think that's a  
23 vital aspect of maintaining the  
24 competitiveness of the bauxite and alumina  
25 sector as well as providing an advantage

1 in fuel consumption and fuel cost to the  
2 power generation section. So clearly an  
3 overriding goal is to minimize these costs  
4 and, therefore, I believe you will see  
5 that that approach is reflected in both  
6 the supply and the infrastructure RFPs.

7

8 PARTICIPANT: Those three bids you mentioned, can you  
9 tell us who won the old ship and the new  
10 one.

11

12 MR. SULLIVAN: It was a mix, in fact, depending on who  
13 had presumably the best available  
14 opportunity and option available, and the  
15 two of them went for older ships. One of  
16 them for quite an old ship, the other for  
17 sort of a 25 year old ship, and one of the  
18 projects went for new built arrangement,  
19 and again due to the fact that, you  
20 know -- I suppose it's availability as  
21 much as anything else that does affect  
22 these considerations for the FSRU  
23 suppliers.

24

25 MR. WEDDERBURN: Just a follow up to that. I mean, I hear



1 commodity charge and barge charge, so it  
2 is an operating cost as well as the  
3 capital cost.

4

5 MR. WEDDERBURN: But I am not sure that's in the offer.  
6 How you define op-ex with fuel isn't  
7 captured in the . . .

8

9 MR. MEGGINSON: It should, I don't know why ...

10

11 MR. WEDDERBURN: It should, but I say I am not ...

12

13 MR. MEGGINSON: Thank you. Anybody else? Well, if there  
14 is no other question what I'd like to do  
15 is ...

16

17 MR. WEDDERBURN: I have questions but I just don't want  
18 to...

19

20 PARTICIPANT: Go on.

21

22 MR. WEDDERBURN: Alternative design, you mentioned this  
23 morning about the reasons why you selected  
24 this double side ejector with all the hard  
25 arms and so on. Now, you have said that



1 International Gas Terminal and Tanker  
2 Operators, which is really the industry  
3 group dealing with shipping, terminals,  
4 and of course quite clearly where the  
5 shipping is a terminal, shipping  
6 terminals, so FSRUs and floating LNG, and  
7 the issue is that from that forum, I have  
8 taken over the various meetings over the  
9 last several years, and at Gas Take which  
10 is the main conference for LNG, is the  
11 fact that there is not just at this  
12 moment, it is coming, a comfort zone with  
13 long term delivery in open sea to a  
14 floating re-gasification unit, and there  
15 are many of these deployed, and many of  
16 them do tandem loading, side by side  
17 loading, but generally in protected  
18 environments such as in ports or in  
19 estuarine environments, and it would based  
20 on the advice we got from the likely  
21 suppliers that we determine that that  
22 would be the preferred solution, but in  
23 order to avoid any form of, if you like,  
24 overpay, because inevitably the  
25 infrastructure for that is going to be a

1 higher cost than a spread mooring  
2 solution, fully agreed, that is fully  
3 accepted, but on the other hand for what  
4 might be a sort of capitalized and  
5 converted into per unit cost, throughput  
6 cost for the additional capital involved  
7 in putting in hard moorings versus the  
8 potential for cutting off certain  
9 supplies, where in the end of the day the  
10 supply cost is probably going to be the  
11 most critical cost that the country will  
12 face here in terms of the overall landed  
13 cost of LNG or of gas or energy, whatever  
14 you want to call it, and the most likely  
15 critical item there is going to be based  
16 on the suppliers. If a supplier drops the  
17 cost by a dollar a million BTU, that pays  
18 for a huge amount of capital investment,  
19 and so it was on that basis and on a  
20 considered opinion based on the various  
21 projects which we have done in the past  
22 that we decided to recommend that, but we  
23 did not preclude the spread mooring  
24 option, and that option is still in play.  
25 That option, as you say, slightly lower on

1 the preference deal, but inevitably  
2 bidders are going to -- and this meeting  
3 is for bidders after all -- bidders are  
4 going to have to consider where 40 percent  
5 of the marking is for cost, whether they  
6 are going to go for one or the other  
7 solution. I mean if I was bidding it and  
8 I was a long time in the contracting  
9 industry, I might well be considering a  
10 bid based upon hard berthing and a bid  
11 based upon spread mooring if I was looking  
12 to cover my base.

13

14 MR. MEGGINSON: Just to emphasize to the audience, our  
15 purpose is to find the least cost,  
16 delivered cost of natural gas to the end  
17 users, and that includes the project in  
18 its entirety, supply as well as  
19 infrastructure, so that there may be some  
20 trade offs, but the overall goal is to  
21 find the least cost supply of natural gas  
22 to Jamaica.

23

24 MR. WEDDERBURN: Appreciated. But the question remains, as  
25 I say, the supply, first round supply bids

1 will come in before we do these bids, so I  
2 might able to assume that if a certain  
3 supplier does not bid, then I don't have  
4 to worry about whether they will accept my  
5 alternative.

6  
7 **PARTICIPANT:** Some years ago when I was in Trinidad they  
8 bought these heavy war tankers to carry  
9 gas; I think I have seen them in the  
10 harbour here. It is a situation of  
11 providing their own vessel and charging  
12 for the gas delivered. Have we  
13 considered that as a proposal or what we  
14 going to do in Jamaica? Not Trinidad  
15 particularly. We supply a terminal, you  
16 pay us and we go about our business. So  
17 have you considered that?

18  
19 **MR. TETER:** Yes, sir. Essentially the supply RFP  
20 which is the subject of the bidders  
21 meeting later in the week, specifies that  
22 the liquified natural gas should be  
23 delivered into Jamaica ex-ship, meaning  
24 the supplier should account for and  
25 provide the shipping and cover all the

1 cost involved in shipping of the product  
2 to the delivery point in Jamaica.

3

4 PARTICIPANT: Good, there is no debate, everything is  
5 fixed, you are all set.

6

7 MR. TETER: With the . . . Format we are asking you  
8 to ex-ship delivery.

9

10 PARTICIPANT: Then don't argue, sir, it's all fixed.

11

12 MR. MEGGINSON: Any other questions?

13

14 MR. WEDDERBURN: You actually specify that if I am  
15 submitting a new built it should be a moss  
16 design, and I understand the whole issue  
17 of slotting and so forth, although I would  
18 still argue with it, because I think the  
19 industry has generally gone for membrane  
20 technology over the moss. My specific  
21 question is, if I have already ordered,  
22 suppose I ordered my new build this year,  
23 which is a membrane, am I still able to  
24 submit that?

25

1 MR. SULLIVAN: Sorry Steven, I think there is some  
2 misunderstanding here, we have not  
3 precluded membrane, membrane is included.  
4 There is a marginal preference for moss or  
5 SPV design, and you know that within the  
6 industry that is the situation. Currently  
7 I met with GTT last week, who are the  
8 people who basically provide the  
9 technologies for nearly all membrane  
10 ships, and they still have not got  
11 approval in principle yet for partially  
12 filled tanks. It is close to coming but  
13 it's not there yet, and do bear in mind,  
14 Steven, that the requirements we put out  
15 here can be met in other ways. I am  
16 hoping we will have some very clever  
17 individuals, much more clever than myself,  
18 obviously, who works on the consultant  
19 side, as I can't make it on the private  
20 side, that those people will look at the  
21 options, and even for the older ships, the  
22 fact that companies who are in the  
23 business of providing these, do bear in  
24 mind they have the opportunity if they  
25 can't reach some of the criteria in terms

1 of service delivery, they have the  
2 criteria to change out, and if they have  
3 to dry dock the ship during the 20 years,  
4 if they can't reach that 20 year non-dry  
5 dock capability -- I would imagine that  
6 most of the potential suppliers here  
7 would be aware of that and would include  
8 that within their consideration.

9

10 MR. WEDDERBURN: But just to mention that there is actually  
11 language in the RFP that says you allow  
12 for . . . it's either membrane or moss,  
13 anyhow that's okay, but there is language  
14 that says if it's a new built it should  
15 not be membrane, so you just need to  
16 clarify that.

17

18 MR. SULLIVAN: We will get back to you on that, but if  
19 that is the impression given it was not  
20 the intention, my apologies.

21

22 MR. WEDDERBURN: All right. Well, there are two boil-off  
23 gas specifications. One, the functional  
24 specs says 0.12 maximum boil-off, the BOD  
25 is 0.18, which one is meant to be the

1 correct one?

2

3 MR. SULLIVAN: Again I will have to refer back to our  
4 team.

5

6 MR. WEDDERBURN: Fair enough. I just point out "Basis of  
7 Design", Section 4.2, talks about  
8 discharge through water. I suspect there  
9 that you used up something that is more  
10 relevant to a power plant than an LNG  
11 facility, because you say *"the discharge  
12 should not have a maximum temperature of  
13 more than 5 degrees above ambient"*, so I  
14 think you should ...

15

16 MR. SULLIVAN: The 5 centigrade degrees is probably -- it  
17 goes both ways, but 5 centigrade degrees  
18 is the differential, it is probably  
19 intended to be. You are quite right, if  
20 it's cold energy it's 5 degrees below,  
21 you are quite right, so we will rectify  
22 that.

23

24 MR. WEDDERBURN: I see Chairman Zacca has left. My last  
25 question really is that the LNG Steering

1 Committee has basically insinuated ...

2

3 MR. SULLIVAN: The Chairman is in building.

4

5 MR. WEDDERBURN: Chris, I was saying this question is  
6 probably best directed to you. The LNG  
7 Committee in the past has basically  
8 insinuated improper behaviour by certain  
9 persons. My concern is that if LNG  
10 Steering Committee members are on the  
11 Evaluation Committee, whether they can be  
12 impartial and fair to bids that involve  
13 these persons or entities.

14

15 MR. ZACCA: I would say definitely. The LNG Steering  
16 Committee has no bias for or against any  
17 particular entity. Our comments were with  
18 process. We've never cast any aspersions  
19 on Exmar, because that is the entity that  
20 was involved, putting the cards on the  
21 table, and I have publicly gone on  
22 national media to encourage and show  
23 expectation that we would expect that  
24 Exmar would be one of the new bidders. So  
25 I would say that the Steering Committee

1 members can effectively sit on the  
2 Evaluation Committee. It will not be  
3 drawn totally from Steering Committee  
4 members, but I would expect that a number  
5 of Steering Committee members would sit on  
6 the Evaluation Committee. I would not sit  
7 on it myself. SG you have any comments;  
8 would you like to add anything?  
9

10 MR. LAYS: I think you have dealt with the issue  
11 Chris, just to refine it a little more to  
12 say that if there is that fear the  
13 Evaluation Committee will be comprised of  
14 persons who are unbiased and have no  
15 linkage with whatever transpired before.  
16 We will surely ensure that that is taken  
17 into account, so persons can rest assured  
18 that there will be fair and impartial  
19 evaluation of all bids without any baggage  
20 so to speak.

21  
22 (A P P L A U S E) .

23  
24 MR. ZACCA: Thank you Solicitor General.

25

1 MR. MEGGINSON: Any other questions? The last thing  
2 before we close, Kayla is going to be  
3 closing it, but I just wanted to point out  
4 about the site visit. I know that a  
5 number of parties have signed up for the  
6 site visit, there is going to be on the  
7 ground floor, a little bit pass the  
8 elevators, there is going to be a small  
9 room where we will be registering between  
10 8:00 and 8:30 in the morning. It's  
11 casual, please, no ties, no suit jackets,  
12 I am not going to do that. We are  
13 planning on leave at 8:30, there is a bus  
14 provided. We have a boat that's hired to  
15 show the potential bidders the area  
16 Portland Bight, and we also have access to  
17 the Windalco, Port Esquivel pier so we can  
18 see it close hand. Lunch will be  
19 provided.

20  
21 MR. SULLIVAN: Just a quick reminder again, can the  
22 companies who are from the Marine  
23 Environmental Geotechnical who identified  
24 themselves earlier, can they make sure  
25 that they sort of maintain an open focus

1 for many of our visitors here today,  
2 because I am sure that there will be very,  
3 very useful interaction then, and also  
4 could you introduce yourselves to me as  
5 well before leaving, I would like to  
6 exchange cards. Thank you.

7

8 MR. EAST: Paul East. Could you explain, I notice a  
9 new criteria was added over the week-end,  
10 could you explain that criteria with some  
11 details on it.

12

13 MR. MEGGINSON: It was last week, it wasn't the week-end.  
14 We added a feature that was in the  
15 previous evaluation criteria, which is  
16 encouraging Jamaican content and Jamaican  
17 participation in this project, and so that  
18 was where it was from.

19

20 MR. ZACCA: What you mean by Jamaican content?

21

22 MR. MEGGINSON: For Jamaican participation, hiring of  
23 Jamaican nationals. Basically it's hiring  
24 of Jamaican nationals. It's encouraging  
25 the development of the Jamaican population

1 in these highly technical and specialized  
2 fields.

3

4 MR. ZACCA: Including crewing of the ships, for  
5 example.

6

7 MR. SULLIVAN: Can I just say, in that context I was  
8 involved, I was the construction leader  
9 for the Trinidad LNG plant, Train 1, and  
10 was very involved in the process of  
11 providing the best opportunities for  
12 Trinidadian companies to participate.  
13 Now, it was slightly different there,  
14 insofar as the fact it was an onshore  
15 terminal and, therefore, there was a  
16 higher proportion of opportunities  
17 available, but it was certainly quite  
18 interesting, and I would encourage the  
19 bidders to bear that in mind. It was  
20 quite interesting to the benefits which  
21 were obtained by training locally, by  
22 identifying the opportunity to utilize  
23 local contractors, and if the hard berth  
24 goes ahead, there is a considerable amount  
25 of construction work involved on that.

1                   What we found was that the international  
2                   contractors that came up with the most  
3                   successful options, were those who  
4                   basically took advantage of those  
5                   opportunities both for the capital  
6                   investment and for the subsequent  
7                   operating regime.

8

9   MR. MEGGINSON:     Okay.

10

11   MODERATOR:         Just reminding you, ladies and gentlemen,  
12                   should you have any further questions  
13                   after we close here today, you can go to  
14                   the Cabinet Office website.

15

16   MR. MEGGINSON:     Yes; [www.cabinet.gov.jm/procurement/lng](http://www.cabinet.gov.jm/procurement/lng).

17

18   MODERATOR:         Thank you Mr. Megginson. I just want to  
19                   thank you, ladies and gentlemen, for  
20                   taking the time for being with us here  
21                   this morning. Special thanks to our  
22                   panelist, our technical consultants  
23                   WorleyParsons, Walt Teter, and Project  
24                   Manager Ernie Megginson. We thank our  
25                   representatives also from NEPA, from Port

1 Authority, Jamaica Bauxite Institute; the  
2 members of the Steering Committee,  
3 including our Solicitor General and  
4 Chairman Mr. Chris Zacca. I see a few  
5 other members here from the office of the  
6 Prime Minister, Ms. Sonya Mitchell.  
7 Special thanks to R.N.A. Henriques our  
8 local external counsel; other members of  
9 the Office of the Contractor General.  
10 Special thanks to our supporting agencies,  
11 the OUR, PCJ, JBI, Ministry of Energy and  
12 Mining, the Cabinet office, Office of the  
13 Prime Minister, to our media houses led by  
14 the Jamaica Information Service, to our  
15 ushers guided by Sonya Clarke and Ms Sonya  
16 Scott; to the management and staff of the  
17 Jamaica Pegasus Hotel for hosting us here  
18 this morning. Ernie has already gone  
19 through the arrangement for site visits.  
20 We thank you for being here and we hope to  
21 see you all tomorrow morning at  
22 8:00 o'clock.

23

24

Adjournment taken at 12:12 p.m.

25