



## GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority

### Fuel Supply in the North, Units Conversions and Pipeline Installation RFP 81412

#### **ADDENDUM 9**

September 15, 2018

This addendum notifies the following:

#### **I. ANSWERS TO QUESTIONS**

The second set of answers to the proponents' submitted questions are included in Attachment 1.

#### **II. MODIFICATIONS TO RFP DOCUMENT**

- a. Section 2.0 Scope of Services, Part II. Gas Supply Infrastructure is modified as follows:

“The project will include EPC project (engineer/design, procure/supply, and construction) and operation/maintenance for the fuel gas supply infrastructure required to supply and burn natural gas—(or the proposed alternate fuel)—for two 501F combustion turbines (Units 5 and 6), keeping the existing distillate #2 oil infrastructure as a secondary backup fuel. Proponent shall consult with the long-term service agreement (LTSA) contractor, Mitsubishi Hitachi Power Systems, if the proposed fuel may be used on these units. The Contractor shall be responsible in supplying all materials, equipment, and personnel to fulfill the project within the scope of supply, starting from the LNG (or the proposed alternate fuel) unloading terminal and ending at the combustion turbine nozzle inlet. The engineering shall consider transient loads management solution due to potential load fluctuations of the units.”

- b. Section 2.0 Scope of Services, Part IV. Conversion of San Juan Units 5 and 6, is modified as follows:

“The Contractor shall be responsible for the scope of work and associated capital cost required for LNG gas (or the proposed



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alternate fuel) conversion of PREPA's San Juan Units 5 and 6, as well as modifications to associated turbine controls. The Contractor shall include the cost of the scope for PREPA's Unit 5 and 6 conversion as part of its proposal in the form of a capacity payment over the initial Base five (5) year term of the Agreement. The Contractor shall oversee and manage the conversion work with appropriate subcontracts to the LTSA contractor Mitsubishi Hitachi Power Systems, who will be responsible for defining the scope for the turbine's gas conversion and turbine controls modifications including engineering/design, equipment supply, and technical advisors for construction and startup. The Contractor shall be responsible for coordinating outage planning with PREPA to implement the necessary modifications. The Contractor will optimize the conversion of Units 5 and 6 to achieve commercially reasonable improvements in output and heat rate in conjunction with the conversion."

- c. The fourth paragraph of Section 2.0 Scope of Services is amended as follows:

"PREPA is requesting all-inclusive, turnkey proposals to furnish, install, connect, deliver and operate a safe, stable, and reliable fuel supply system to the San Juan Units 5 and 6 combustion turbine combined cycle power generating plant; to supply the fuel gas for five years to the power generating plant; and to perform all work, including but not limited to: engineering/design, environmental permit support, equipment/materials supply, construction and commissioning, as required for the conversion of San Juan Units 5 and 6 to firing fuel gas. The fuel gas supply shall be liquefied natural gas (LNG) with an annual available quantity of at least 25 TBTU/year (alternative fuels can be proposed provided the LTSA contractor Mitsubishi Hitachi Power Systems can confirm the units can safely and reliably upon being converted to the proposed alternate fuel and that can be cleared by PREPA on a risk assessment)."

- d. The Approach and Methodology part of Section 3 Evaluation and Selection is amended as follows:

"Respondents shall outline a clear and straightforward approach and demonstrated commitment to accomplishing the schedule goal of providing fuel gas for San Juan 5 and 6 preferably by the first quarter of 2019. Respondents shall identify key goals and

## ATTACHMENT 1

### RFP 81412 FUEL SUPPLY, UNIT CONVERSION AND PIPELINE INSTALLATION

#### ADDENDUM 009

SEPTEMBER 15, 2018

Item	Questions	Answers
1	(We) would like to clarify that the combustion turbines named San Juan Units 5 and 6, nomenclature W501FC, are Westinghouse engines sold by (us), through an EPC Contractor, to the Puerto Rico Electric Power Authority, in 1996. As you may know, (we) is the owner of the Westinghouse technology so (we) respectfully hereby requests that PREPA modify the RFQ to reflect (us) as the Original Equipment Manufacturer.	Please refer to Addendum 9, Section I. Modifications to RFP Documents.
2	As the Original Equipment Manufacturer (we) respectfully requests that PREPA modify the RFQ so that, (we) can be considered as another potential provider for the conversion of San Juan Units 5 and 6 to dual fuel with applicable performance upgrades.	As established in the RFP Document, conversions to Units 5 & 6 have to be performed by Mitsubishi Hitachi Power Systems (MHPS). Currently, PREPA has a multi-annual long-term-service-agreement (LTSA) with MHPS for two maintenance cycles, with guarantees of emissions and performance. In order to prevent voiding those guarantees, MHPS shall perform the modifications. Proponents shall include in their proposals the conversions performed by MHPS.
3	(We) respectfully recommend that the subject of "alternative fuels" should be discussed with (us), not only as the Original Equipment Manufacturer of the San Juan Units 5 & 6, but with proven combustion technology to also use propane fuel (tri-fuel configuration) in this frame unit in Puerto Rico.	As established in the RFP Document, conversions to Units 5 & 6 have to be performed by Mitsubishi Hitachi Power Systems (MHPS). Currently, PREPA has a multi-annual long-term-service-agreement (LTSA) with MHPS for two maintenance cycles, with guarantees of emissions and performance. In order to prevent voiding those guarantees, MHPS shall perform the modifications. Proponents shall include in their proposals the conversions performed by MHPS.
4	(We) respectfully requests PREPA to allow (us), as the Original Equipment Manufacturer of the San Juan 5 & 6 units, to be the company responsible for defining the scope for the turbine's gas conversion.	As established in the RFP Document, conversions to Units 5 & 6 have to be performed by Mitsubishi Hitachi Power Systems (MHPS). Currently, PREPA has a multi-annual long-term-services-agreement (LTSA) with MHPS for two maintenance cycles, with guarantees of emissions and performance. In order to prevent voiding those guarantees, MHPS shall perform the modifications. Proponents shall include in their proposals the conversions performed by MHPS.
5	(We) respectfully requests PREPA to clarify if the conversion to dual fuel will be implemented during a scheduled outage or shall the contractor implementing the conversion propose, and include as part of his offer, type of outage required with corresponding price and duration? If it is during a schedule outage, what kind of outage is it (Combustor, Hot gas Path or Major) and what is the scheduled duration?	PREPA will determine, in coordination with the awarded proponent and MHPS, the outages that will be required to perform the specific works.
6	The original DF42 Combustion Components supplied with the Westinghouse W501FC San Juan Units 5 & 6 was designed for dual fuel operation, fuel gas and fuel oil. (We) respectfully requests PREPA to clarify if the original design combustor components still being utilized or have they been replace with third party components? If they have been replaced with third party components, who's design are they? If they have been replaced by a third party, can you clarify what maintenance interval the units are operating (8K EBH, 12.5K EBH, 25K EBH, etc)? Can PREPA also please provide style numbers of this hardware with pictures and operational history (i.e. hours of operation, remaining repairs/life, etc.).	PREPA clarifies that the original combustion nozzles that came installed in the 501FC Units 5 & 6 of the San Juan Power Station were DF42, single fuel for No. 2 light distillate oil operation. The single fuel nozzles currently in use, as well as the ones under parts rotation as part of the Long Term Services Agreement between MHPS and PREPA, were supplied by MHPS. As per the conditions stated in the RFP, the fuel conversion and modifications to the combustion turbines shall be performed by MHPS. Please contact MHPS for more information related to the specific scope of the conversion.
7	(We) respectfully request PREPA to please provide pictures of the Fuel Oil Skid, Fuel Oil interconnect piping including manifold(s), interconnect tubing, and piping/tubing connections at the nozzle.	Refer to Attachment 2.
8	(We) respectfully requests PREPA to please provide style number and operational history (i.e. hours of operation, remaining repairs/life, etc.) of compressor and turbine hardware. This is for potential applicable performance upgrades	As per the conditions stated in the RFP, the fuel conversion and modifications to the combustion turbines shall be performed by MHPS. Please contact MHPS for more information related to the specific scope of the conversion.
9	please specify if existing DCS has enough I/O cards, memory and processing capacity for the fuel conversion.	Yes.
10	To clarify what manpower and resource configuration (labor, tooling, crane, etc.) should the bidder consider in the offer for the outage related to the installation of the performance upgrades? Will PREPA provide any labor and what type? Will PREPA provide the crane? Please provide any other clarifications applicable to the Division of Responsibilities.	As per the conditions stated in the RFP, the fuel conversion and modifications to the combustion turbines shall be performed by MHPS. Please contact MHPS for more information related to the specific scope of the conversion. Proponent is responsible to include all parts, labor and equipment necessary to complete the project as part of its proposal.

11	Will the performance improvements in reference be implemented during a scheduled outage or shall the contractor implementing the conversion propose, and include as part of his offer, type of outage required with corresponding price and duration? If it is during a scheduled outage, what kind of outage is it (Combustor, Hot gas Path or Major) and what is the scheduled duration? Shall the scope and corresponding pricing be quoted separate from the fuel conversion?	PREPA will determine, in coordination with the awarded proponent and MHPS, the outages that will be required to perform the specific works.
12	The gas fuel parameters in this Section are not as per (our) specifications. (We) as the Original Equipment Manufacturer respectfully request for PREPA to allow potential bidders to use (our) recommended parameters.	As established in the RFP Document, conversions to Units 5 & 6 have to be performed by Mitsubishi Hitachi Power Systems (MHPS). Currently, PREPA has a multi-annual long-term-service-agreement (LTSA). All parameters have to be as recommended by MHPS.
13	(We) respectfully requests PREPA to share the list of participants in the kick off meeting conducted on August 9, 2018, the first walk down conducted on August 10, 2018 and the second walk down conducted on August 23rd, 2018.	The following companies participated in the kick off meeting and in the site visits on 08/10/18 and 08/23/18: El Dorado Tech Services, Puma Energy, APR Energy, Crowley, Gas Natural Fenosa/Naturgy, NF Energy, Black & Veatch, Arctas, Engineered Parts & Services, Tropigas de P.R., General Electric, Decentricity PR, ERM, RG Engineering, ARCTAS, Siemens, San Juan Gas, Go Green USA, Caribbean Tec.
14	Since the intent of the RFP is to award one contract for LNG fuel supply, or any other fuel; how will you compare the proposals of LNG supply with the proposals of other fuels? Will it be just on a price basis? Does PREPA has preference for any fuel in particular?	To the extent that potential suppliers have alternative ways to supply acceptable fuel in a cost effective manner, PREPA will consider all proposals. PREPA is seeking proposals for fuel supply and acknowledges that pricing will be determined by the supplier considering many factors including but not limited to infrastructure development, capital cost of the fuel supply facilities, fuel source, transportation cost and logistics, cost of capital, operating costs. The proposals shall include whatever pricing is necessary for the proposing company to meet their specific needs.
15	The fact that the contract will be for a base period of 5 years, with the possibility of (3) separate options of 5 years extensions, it will drastically increase the fixed annual capacity payment and the unit fuel cost, due to a short depreciation period. Has PREPA considered to extend the base period in order to achieve better economies of scale, reduce costs and optimize investments?	Base period will be five years.
16	The requirement included in the RFP, in terms of experience, are too broad. Considering that for this project the total energy demand for San Juan Unit 5 and 6 will be around 25 TBTU/year, and will require a local storage capacity of approximately 25.000 m3 of LNG, would not be necessary to require more specific experience in order to assure that only companies with demonstrated know-how in similar size projects and financial capability could participate in the process?	Experience is one of the evaluation parameters established in the RFP documents. Proponents that can demonstrate the most experience in the proposed solution will receive a higher score in that field. Those who do not have or fail to demonstrate experience in the proposed solution will receive a lower score in the experience field.
17	Does this project considers the exclusion zone for an LNG import facility (according to international safety standards)?, In view of the above, and considering that around port facilities of the San Juan 5-6 area there is a dock where are fuel operations, pipelines and other infrastructure that can be a restriction for the development of a new fuel import terminal, and that the Contractor shall not interfere with current operations for unloading and storing Bunker C fuel oil or diesel fuel at any the existing PREPA San Juan steam Plant generating facilities. Due to that, is PREPA considering using an exclusive dock for the LNG supply? What other port and/or land facilities are available for that purpose?	If a proposal considers the use of one of the existing docks, proponent shall be responsible to make the research to find an adequate facility for its operations and make any agreement with the owner/operator. Any proposed project shall not interfere with PREPA's fuel unloading operations if any adjacent dock (A, B, or C) is considered.
18	In case that the proposed technical solution implies a Floating Storage Regasification Unit (FSRU), it is our understanding that according to US environmental regulation, the regasification process of the FSRU must consider a close cycle instead an open cycle, which limits the available options in the market for those type of vessels, incurring in major operational costs and delays for the commercial operation date. It is correct? Due to the aforementioned, Does PREPA any preference for a different technical solution instead a FSRU?	Compliance with state and federal regulations are the responsibility of the proponents. PREPA will evaluate all feasible solutions proposed.
19	Under we understanding, in case that the proposed solution consider a vessel (FFSRU/FSU) as a permanent off-shore facility for the LNG storage and regasification, we would like to confirm if for that technical solution (as a permanent facility) it is necessary to obtain an approval issued by Federal Energy Regulatory Commission? Taking into account that the approval process could take several months, it may lead to important delays that could impede the COD as expected by PREPA. In that case, is PREPA considering a non-permanent off-shore facility as the most feasible technical solution?	Proponents shall consider all state and federal regulations required by its proposal, including FERC. PREPA will take into consideration for evaluation purposes the time for completion submitted in the proposal and reserves the right to award to the second best proposal if the selected one does not comply with all required permits in the proposed schedule.
20	According to RFP, and considering that "all equipment and materials installed by Contractor from the regasification point to the units shall become PREPA's property from the final acceptance date", does it means that PREPA is looking for a permanent on-shore regasification facility? Or it is possible to submit an off-shore and non-permanent (for a base period of 5 years) regasification facility? In that scenario, who will be the ownership of the regasification (off-shore) facility, and how it will be reflected on the capacity payment tariff?	PREPA is seeking a proposal for a 5-year term, with the options of three more 5-year terms, at PREPA's sole discretion. PREPA's property will be from the regasification point onshore. If an offshore solution is proposed, a valve shall be provided in PREPA's right-of-way for future disconnection.

21	Does PREPA have an estimation of the timeline to obtain all permits and authorizations required by this project in order to accomplishing the schedule goal of providing gas for San Juan 5 and 6 no later than March of 2019? Does PREPA considers it an achievable schedule?	It is anticipated that switching San Juan 5 and 6 combined cycle units to an alternative fuel will result in significant savings. Based on this assumption, it is PREPA's interest to convert the units as quickly as possible. The timeframe identified in the request for proposals is a suggested date and not a requirement. Fuel suppliers are free to identify the specific date that their fuel supply will be available. To the extent that a proposal is based on a later supply date and results in more fuel cost savings to PREPA, that alternative will be selected. Similarly, if a fuel supplier wants to include a temporary fuel supply option until something more permanent can be implemented, the overall cost savings will be evaluated. It is the proponent's responsibility to consider the permits timeline in their proposals.
22	According to RFP timeline, the submission deadline is on September 11, 2018, however, due to the complexity of this project, the technical and feasibilities studies to be conducted, the information required to be included in the proposal, scope of work and permitting assessment and permitting plan, letter of support from Puerto Rico Port Authority, plan for financing, pricing, among others, we consider that this period of time is too short even for a RFP. Is PREPA considering to extend this term according to the requested information?	The deadline for proposals' submission is September 25, 2018.
23	On the RFP PREPA expected to initiate operations providing fuel gas for San Juan 5 and 6 no later than March of 2019; however taking into account the required infrastructure, including port adjustments and maritime infrastructure, on-shore facilities, conversion of units 5 and 6, negotiation of fuel supply contracts, procedures to obtain all necessities federal and local permits, FSRU/SFU contract negotiation process and operation start up, environmental assessments, solution design, engineering, procurement and construction process, among others; this term seems to be very optimistic considering usual timelines for this kind of projects, and due to aforementioned we suggest evaluate a new COD for the successful and reliable accomplish of the scope of this project.	It is anticipated that switching San Juan 5 and 6 combined cycle units to an alternative fuel will result in significant savings. Based on this assumption, it is PREPA's desire to convert the units as quickly as possible. The timeframe identified in the request for proposals is a suggested date and not a requirement. Fuel suppliers are free to identify the specific date that their fuel supply will be available. To the extent that a proposal is based on a later supply date and results in more fuel cost savings to PREPA, that alternative will be selected. Similarly, if a fuel supplier wants to include a temporary fuel supply option until something more permanent can be implemented, the overall cost savings will be evaluated.
24	How does this process and the investment in the San Juan power plant, align with the goals of privatization of PREPA's assets? What risk would reside with the Contractor in the event the San Juan site/power plant is sold to a 3rd party as part of privatization?	This RFP is being pursued independent of the privatization efforts, though fundamentally the objectives of this procurement support PREPA's vision for an electric system that is Customer Centric, Reliable, and Sustainable, while promoting financial viability and economic growth. This RFP is likely to economically advantage the San Juan site/power plant versus its current position related to other power supply options on the island.  Any potential or future transaction involving the San Juan site or facility would be governed by the laws of Puerto Rico, and potentially subject to Title III proceedings under PROMESA. As with any transaction, it is the responsibility of the counterparties to evaluate and understand the risks associated with the terms and conditions of the agreement. PREPA recommends potential counterparties seek the advice of counsel to identify and evaluate the risk specific to their own situation.
25	What transmission upgrades/ modifications that will be needed to enable conversion of San Juan Units 5&6 to natural gas?	Modifications will be performed in the units. All modifications, based on the proposed solution, shall be coordinated with MHPS.
26	What is driving the March 2019 timeline? Based on the proposed approach provided by PREPA, the contractual definition needed between the Contractor, Mitsubishi, and other sub-contractors will take a number of months and likely beyond the March 2019 deadline, and only with this definition could a reasonable estimate of costs be expected, thereby ensuring minimal risk to PREPA/PREPA's ratepayers.	It is anticipated that switching San Juan 5 and 6 combined cycle units to an alternative fuel will result in significant savings. Based on this assumption, it is PREPA's desire to convert the units as quickly as possible. The timeframe identified in the request for proposals is a suggested date and not a requirement. Fuel suppliers are free to identify the specific date that their fuel supply will be available. To the extent that a proposal is based on a later supply date and results in more fuel cost savings to PREPA, that alternative will be selected. Similarly, if a fuel supplier wants to include a temporary fuel supply option until something more permanent can be implemented, the overall cost savings will be evaluated.
27	What are the penalties if the full load operation of San Juan 5&6 is not achieved by March 2019?	There are no penalties, but PREPA will take into consideration for evaluation purposes the time for completion submitted in the proposal and reserves the right to award to the second best proposal if the selected one does not comply with all required permits in the proposed schedule. It is PREPA's interest to convert the units as quickly as possible. The timeframe identified in the request for proposals is a suggested date and not a requirement. Fuel suppliers are free to identify the specific date that their fuel supply will be available. To the extent that a proposal is based on a later supply date and results in more fuel cost savings to PREPA, that alternative will be selected. Similarly, if a fuel supplier wants to include a temporary fuel supply option until something more permanent can be implemented, the overall cost savings will be evaluated.
28	What is the expected timing of the Contractor to receive US Coast Guard authorization to operate?	It is proponents' responsibility to find out which are the required permits and timing for its proposed solution.

29	How does PREPA plan to assist the Contractor in obtaining environmental permits related to conversion of San Juan Units 5&6? What is the expected timing to receive these permits?	PREPA will be responsible for the environmental permits of Units 5 and 6, which are expected to be issued in three to four months after being submitted.
30	RFP states that Contractor is responsible for any improvements required to the dock per NFPA, Ports Authority and USCG compliance. Can PREPA provide additional information of what improvements will likely be required and the cost/ timeline to implement these improvements?	Proponents shall be responsible for any improvement required in the installation to be used for its proposed solution and shall comply with any code or regulation required.
31	Given the financial state of PREPA and uncertainty of Title 3 or privatization efforts, what approvals does PREPA require to execute a binding agreement for Fuel Supply and conversion of San Juan Units 5&6?	Standard corporate approvals in compliance with PREPA Procurement Policies would be required. In addition, current governance and oversight would require evaluation and approval by the Office of Contract and Procurement Compliance as established by the Governor's executive order, as well as a contractual and compliance review and approval by the Financial Oversight and Management Board as established under PROMESA.
32	How does PREPA intend to finance these agreements? Will they be paid from revenue received from PREPA's rate base?	PREPA intends to finance the facility conversion and fuel purchases from rate base revenues as part of its normal course of business. PREPA is evaluating whether any costs associated with the physical conversion of the facility are eligible for reimbursement under a federal grant program, though at this time PREPA has not identified nor secured any specific federal grant for this project.
33	How do the changing dynamics of Puerto Rico's population and energy matrix impact PREPA's expected revenue stream and ability to pay for fuel supply infrastructure and conversion of San Juan Units 5&6?	PREPA believes this project will likely economically advantage the San Juan site/facility versus its status quo position in the generation supply portfolio. Due to this improved supply position versus other generation resources, the impact of changing dynamics of population or the energy matrix will likely be dampened as it specifically relates to this project. It is important to note the geographic proximity of the San Juan site/facility to the largest load and demand center on the island, and the resulting benefits to the power grid.
34	What credit support will be provided by PREPA to the winning bidder?	This RFP contemplates a bilateral credit support structure to be negotiated between the parties. Any credit support structure incorporated into the agreement will require approval by the Financial Oversight and Management Board as part of the statutory review process.
35	What are the terms envisioned for PREPA to execute the optional periods?	At least 6 months before the end of an agreement term, the Parties shall agree the terms of the 5-year extension.
36	Will the Evaluation Committee include any members of the FOMB, PREC, Government of Puerto Rico, US Coast Guard, or other US Government agencies?	The Evaluation Committee will be conformed of PREPA employees and advisors, as established in the RFP Guide ( <i>Guías para Procesos de Adquisiciones de Bienes y Servicios a Través de Solicitud de Propuestas</i> ) available in the Download Documents' Tab.
37	The RFP asks for specific names and titles of key members of the Project team. Given the uncertainty of being awarded, bidders will likely assign specific employees to the project after they have been selected. Can bidders provide job descriptions of the skill sets that will be required to fulfill the role of Project Manager, Engineering and Design Manager, etc.?	Proposals shall include the names of those key members of the project team that the proponent intends to use, their positions, responsibilities, and experience. It is important, for evaluation purposes, that the proponents demonstrate they have the organizational structure (own or subcontracted) and experience to perform the project.
38	Can PREPA provide Mitsubishi's proposal for the turbine gas conversion?	Proponents shall contact Mitsubishi Hitachi Power Systems (MHPS) for the units' modifications.
39	Can PREPA provide contact details of a focal point at Mitsubishi to ask clarifying questions about the turbine conversion?	Refer to Addendum 9 document.
40	Has PREPA hired an independent engineer to validate the technical, engineering, and design aspects contained in the Mitsubishi proposal? If so, can PREPA share this proposal?	PREPA and its consultants will evaluate the technical aspects of the proposal based on the solution proposed, and if more resources or specialists are required, PREPA will acquire them as needed.
41	What evaluation has PREPA undertaken to determine Mitsubishi as the optimal provider of the retrofit of San Juan 5&6? What if other more cost effective providers are available?	Currently, PREPA has a multi-annual long-term-service-agreement (LTSA) with MHPS for two maintenance cycles, with guarantees of emissions and performance. In order to prevent voiding those guarantees, MHPS shall perform the modifications.
42	Based upon the rough description provided in the RFP, it would seem that FERC approval is needed for this project. What engagement has PREPA had with FERC regarding this project?	All permitting and approvals for the fuel supply facilities will be the responsibility of the fuel supplier. PREPA will be responsible for any permitting modifications necessary for the unit conversion and the operation of the units on the alternative fuel.
43	It took AOGP ~60 months to receive its permits and it has yet to receive its Notice to Proceed from FERC. How does PREPA advise a Contractor to receive required permits in a more accelerated timeline?	All permitting and approvals for the fuel supply facilities will be the responsibility of the fuel supplier. PREPA will be responsible for any permitting modifications necessary for the unit conversion and the operation of the units on the alternative fuel.
44	The RFP requires a letter of support from the Puerto Rico Ports Authority. What are the requirements from the PRPA needed to receive a letter of support? Can PREPA provide a contact person at the PRPA?	If a proposal includes the use of a dock as the primary installation for the supply of fuel, proponent shall submit at least evidence that has expressed its intention or has met with the PRPA or the owner of the dock to build the project on their premises.

45	Obtaining the required federal and government licensing is the responsibility of the bidder. Will PREPA assist in the process, and grant extension of COD deadline in case of permitting hurdles?	PREPA is available to provide all the information on hand necessary to complete the awardee's permitting process. Proponents shall include, in their proposal, a permitting schedule for the expected process with the regulatory agencies based on the solution requirements. Since time is of the essence, PREPA will consider this schedule in the proposal evaluations and reserves the right to award to the second best proposal if the selected one does not comply with all required permits in the proposed schedule.
46	Does PREPA have a preferred price index for a natural gas supply?	Platts and Henry Hub or any other verifiable fuel index.
47	Can PREPA provide the methodology and the basis of for calculation the savings of the proposed solution versus the alternative diesel operation?	PREPA will evaluate forecast cost savings on a Net Present Value (NPV) basis over the initial 5-yr term of the contract. The NPV evaluation will be inclusive of supplier capacity payments. PREPA will utilize fuel pricing forecasts in alignment with its Integrated Resource Plan that is currently underway.
48	During recent weeks, it was publicly announced that the "Oficina Central de Recuperación y Reconstrucción" has selected Navigant to work with PREPA and elaborate a plan to define Puerto Rico's new electric system. How will PREPA ensure that the solution on this tender fit the overall strategy and minimize the costs of the supply of natural gas to the units on the power system?	This RFP includes what PREPA is seeking, to lower the cost of generation on San Juan Units 5 and 6, the newest of the fleet, through an alternate fuel. This savings should translate in lower costs to our customers, which is the purpose of any current or future plan.
49	Does PREPA have a specific LNG import solution selected for the supply of San Juan?	The purpose of this RFP is to solicit all available options to reduce the fuel cost at the San Juan Units 5 and 6 combined cycle units. To the extent that potential suppliers have alternative ways to supply acceptable fuel in a cost effective manner, PREPA will consider all proposals.
50	Does PREPA sees ISO LNG containers as a viable option for this project?	The purpose of this RFP is to solicit all available options to reduce the fuel cost at the San Juan Units 5 and 6 combined cycle units. To the extent that potential suppliers have alternative ways to supply acceptable fuel in a cost effective manner, PREPA will consider all proposals.
51	Has such large scale solution been studied and if so, could PREPA share the results of such study within this RFP81 412?	Solutions proposed and studies on which they are based are the proponent's responsibility. PREPA will evaluate proposals based on the data provided, including studies and projections.
52	RFP 81412, Section 2.0 -Scope of Service Art VII C) mentions that the contractor is responsible for any improvements to the dock. Where is that dock located and does PREPA have access to any other docks in the area?	If the proposal considers the use of any dock, adjacent or non adjacent to San Juan Steam Plant, the contractor shall be responsible for any improvement or modification. PREPA has access to adjacent docks A, B, and C, but just for fuel transfer/unloading. The Puerto Rico Ports Authority is the owner of these docks.
53	RFP 81412, Scope of Service Art VII: Could you share some information about the current operations for unloading and storing Bunker C fuel oil or diesels fuel at any the existing PREPA San Juan Steam Plant generating facilities (nb of operation per week)?	From Sept 2017 to August 2018 PREPA received 33 vessels (32 for Bunker C and 1 for Diesel)
54	RFP / 2.0. Scope of Service Art. XI: The availability required is 100% of annual quantity nomination. It will require a high level of redundancy. Will it be possible to revise down this figure, taking into account that Diesel could continue to be a backup fuel in case of emergency?	PREPA is seeking the most possible savings with an alternate fuel, so maximizing the time burning this fuel in Units 5 and 6 is necessary. Proposals shall be based on the RFP documents requirements, addenda, and answered questions.
55	Jones Act limits the delivery methods for U.S LNG deliveries, does the origin of the fuel influence the awarding of this tender?	The origin of the fuel doesn't influence the evaluation of this RFP.
56	Obtaining the required federal and government licensing is the responsibility of the bidder. Will PREPA assist in the process, and grant extension of COD deadline in case of permitting hurdles?	PREPA is available to provide all the information on hand necessary to complete the awardee's permitting process. Proponents shall include in its proposal a permitting schedule for the expected process with the regulatory agencies based on the solution requirements. Since time is of the essence, PREPA will consider this schedule in proposal evaluations and reserves the right to award to the second best proposal if the selected one does not comply with all required permits in the proposed schedule.
57	How does PREPA propose to guarantee payments for the infrastructure and LNG supply?	Currently, no guarantee is being considered. Any guarantee structure would require negotiation between the parties and would be bilateral, as required by PROMESA, and the approval by the Financial Oversight and Management Board.
58	Does PREPA have a preferred price index for LNG?	Platts and Henry Hub or any other verifiable fuel index.
59	If the purpose of the RFP is to supply LNG fuel to the San Juan plant (i.e. a gas supply tender) why is PREPA including the capital investment for the fuel supply infrastructure and Units 5 & 6 fuel conversion project?	The contract resulting from this RFP will include two main components. First, fuel supply for a period of 5 years. Second, the works necessary to convert the units to burn the alternate fuel and the piping to transfer it downstream of the fuel delivery point.
60	Would it not be more correct and economical and in the best interests of PREPA and its clients that the process of selecting a fuel supplier and the process to build the necessary infrastructure are different and separated from each other?	Since the timing of all tasks on this project is an important aspect, having them under the same contract will produce a more efficient schedule. Also, this will allow PREPA to maximize the use of these units while the project works are underway.

61	Why is Mitsubishi a sole source subcontractor to the contractor for the Conversion of San Juan Units 5 & 6 to natural gas? Particularly considering that:	Currently, PREPA has a multi-annual long-term-service-agreement (LTSA) with MHPS for two maintenance cycles, with guarantees of emissions and performance. In order to prevent voiding those guarantees, MHPS shall perform the modifications.
62	a. Mitsubishi is not the Original Equipment Manufacturer (OEM) of these Units. Units were manufacture by Westinghouse in late 1990s, with technology originated in the late 1980s. Does PREPA consider this an accurate statement?	
63	b. Unit's Combustion System technology is matured with ~30 years in the market and other OEMs have the technical capability/experience to convert these units to natural gas. Does PREPA consider this an accurate statement?	
64	c. PREPA's recent procuring practices allows other qualified OEMs/ISP to bid for parts/services. Does PREPA consider this an accurate statement?	
65	d. There are other OEMs with the ability to perform that conversion. Does PREPA consider this an accurate statement?	
66	Is Mitsubishi available to offer a quote for the completion of those works to all bidders of this RFP?	Proponents shall contact Mitsubishi Hitachi Power Systems (MHPS) for the units' modifications. For person of contact information refer to Addendum 9 document.
67	Is the pier and the adjacent land are available to all bidders?	Adjacent pier is owned by Puerto Rico Ports Authority. Proponents shall contact PRPA for details.
68	Is the pier and the adjacent land already committed to one of the bidders of this RFP?	Adjacent pier is owned by Puerto Rico Ports Authority. Proponents shall contact PREPA for details.
69	Considering that there more efficient, safe and economical ways to transport Natural Gas to the San Juan plant, why is PREPA selecting the most expensive and inefficient alternative? Particularly considering that:	The purpose of this RFP is to solicit all available options to reduce the fuel cost at the San Juan Units 5 and 6 combined cycle units. To the extent that potential suppliers have alternative ways to supply acceptable fuel in a cost effective manner, PREPA will consider all proposals.
70	a. The transport and storage of LNG in a barge anchored in a dock is the most expensive and unsafe way to supply natural gas. Does PREPA consider this an accurate statement?	
71	b. LNG fuel supply in the North should be one of the variables for future scenario considerations as part of the role of natural gas, following the possible variables for the role of natural gas:	
72	i. Southwest LNG terminal + fuel transfer infrastructure	
73	ii. Aguirre Offshore Gas Port + fuel transfer infrastructure	
74	iii. Mid-scale LNG Floating Storage Unit in the North + unloading & regasification infrastructure	
75	What do you mean by permitting plans (if applicable)? Because there is no LNG/NG infrastructure in San Juan, the participants need the studies and permits listed on P. 10. Will these be provided?	All permitting and approvals for the fuel supply facilities will be the responsibility of the fuel supplier. PREPA will be responsible for any permitting modifications necessary for the units conversion and the operation of the units on the alternative fuel.
76	Can you clarify or provide examples of the following statement (Experience and Capacity (4.3.2, P. 18):	PREPA expects that proponent's team has the experience in similar projects and a good reputation in the fuel supply market. Also, proponent shall demonstrate that it has the necessary resources to perform the work and deliver a project as required in the RFP documents. Team can be conformed by proponent's own staff or subcontractors.
77	Why is the amount of the performance/payment bond of 100% of Phase 1 cost (conversion and pipeline installation)?	The percentage is a PREPA requirement based on the recommendation of its Risk Management Office.
78	The RFP is for fuel supply and conversion of Units 5 & 6, hence, the most critical part is the fuel. Why is there no performance/payment bond requirement for the most critical component of the RFP (i.e. LNG supply, logistic, storage and regasification)?	Refer to Article 40. INSURANCE in the document titled Draft Fuel Sale and Purchase Contract.
79	Please clarify if pipeline Right of Way will be secured by PREPA.	Yes
80	What payment guarantees can PREPA offer?	Currently, no guarantee is being considered. Any guarantee structure would require negotiation between the parties and would be bilateral, as required by PROMESA, and by the approval of the Financial Oversight and Management Board.
81	The number of ships that have delivered each of diesel fuel or Bunker C fuel, over the last year.	From Sept 2017 to August 2018 PREPA received 33 vessels (32 for Bunker C and 1 for Diesel)