



RESPONSES TO REQUESTS FOR CLARIFICATIONS

LNG to H2 Combined Cycle Generation Plant

RFQ 2023-01

Date Issued: April 3rd, 2023



The following are responses to certain Requests for Clarification (“RFC”) received in connection with the Request for Qualifications (“RFQ”) and other clarifications of general application to the RFQ for the LNG to H2 Combined Cycle Generation Plant issued by the Puerto Rico Public-Private Partnerships Authority (the “Authority”) on March 1, 2023, as updated by Addendum No. 1 on March 10, 2023, and Addendum No. 2 on March 17, 2023. These responses are subject to the terms and conditions of the RFQ in all respects. Capitalized terms used but not otherwise defined herein have the meanings set forth in the RFQ.

1. Under Item 3.2.2, is the only allowed technology a gas/steam turbine in combined cycle that will burn gas and hydrogen, or is it permissible to provide alternative technologies?

Response:

As stated in item 3.2.2 of the RFQ, the specified technology is a gas and steam turbine(s) combined cycle plant. However, alternative technologies and approaches, such as gas or diesel reciprocating engines, or other systems, should they provide similar or increased benefits, will be considered.

2. The specifications do not specifically point out whether the power plant must be at a fixed location, or whether it can be a mobile power plant. Please advise if alternatives to a fixed-site power plant would be suitable.

Response:

Pursuant to the Puerto Rico Energy Bureau Resolution and Order dated August 3, 2022¹, the new generation source must be located within the territorial boundaries of Puerto Rico. However, there is no limitation to the power plant being at one fixed location as long as it is in Puerto Rico. Stationary plants, mobile plants, or marine-located plants will be considered.

Proposals for generation sources located outside of Puerto Rico will not be considered.

3. Section 3.2.2: Please clarify what the RFQ describes as “any suitable location in Puerto Rico” in the context of the new generation facility’s location.

Response:

As discussed in Question 2, there is no limitation to the power plant being at one fixed location in Puerto Rico. Stationary plants, mobile plants, or marine-located plants will be considered if the proposed design meets the other requirements and specifications as stated in the RFQ.

Pursuant to the order of the Puerto Rico Energy Bureau Resolution and Order dated August 3, 2022, the new generation source must be located within the territorial boundaries of Puerto Rico. Proposals for generation sources located outside of Puerto Rico will not be considered.

¹ <https://energia.pr.gov/wp-content/uploads/sites/7/2022/08/20220803-MI20210003-Resolution-and-Order.pdf>



4. **Sections 2.3 / 3.2.1.o / 3.2.1.j: Please clarify if there are prospective sites already available, and the Respondent may choose among the available options?**

Response:

Pursuant to the Resolution and Order of the Puerto Rico Energy Bureau dated August 3, 2022, the Authority must consider any suitable locations in Puerto Rico proposed by Respondents. Accordingly, Respondents should make a determination of what prospective sites are available in order to make a proposal of a suitable location during the RFP phase.

5. **Section 3.2.1.a: What are the preferred locations, if any?**

Response:

Please see Questions 2, 3, and 4. The Authority will consider any suitable location in Puerto Rico and is not in a position to identify a preferred location.

6. **Section 3.2.1.a: What is the distance from the preferred location and the nearest injection point?**

Response:

Please see Questions 2, 3, 4 and 5. The Respondent in coordination with the T&D Operator will determine the suitable injection point after a system stability study is performed.

7. **Please advise whether installations with commissioning cycles shorter than thirty (30) months will receive additional benefit/weighting as a plus in terms of ¢/kWh in the evaluation stage.**

Response:

The evaluation criteria and weighting will be outlined in more detail in the RFP.

8. **Please advise whether a self-supply alternative for fuel is allowed.**

Response:

Yes, however, the evaluation of fuel supply will be outlined in more detail in the RFP.

9. **Section 1.1 of the RFQ states that the Authority issued the RFQ to request SOQs from companies interested in providing additional generation capacity through a new facility.**

In light of the above statement, what would a new generation facility mean in the case of floating generation assets? Can the requirement of a new generation facility be interpreted as 0 hr of total working hours for generation assets?

Response:

The RFQ utilizes the term “new facility” to mean both (i) being newly added as a Puerto Rico generation facility, and (ii) unused with zero (0) hours (excluding required commissioning and startup activities). Unless there is an exceptional case, used equipment will not be considered an acceptable solution for the RFP.



- 10. Section 2.2: Regarding the requirements that the RFQ sets forth on page 8, can these requirements be fulfilled by affiliates 100% owned by the Respondent? Or do these requirements have to be fulfilled by the Respondent itself?**

Response:

If the affiliates are included as Team Member (as defined in the RFQ), then the SOQ response would be evaluated and considered compliant on that basis.

- 11. Section 2.2: With regard to the requirements that the RFQ sets forth on page 8, what does “*substantially similar jurisdictions*” stand for? Please elaborate on this definition so that respondents have more insights into what jurisdictions are substantially similar to Puerto Rico.**

Response:

“Substantially similar jurisdictions” means a regulated environment. Respondents should have experience in U.S. regulations and Puerto Rican regulations. Island power plant experience is also beneficial and should be included in the SOQ.

- 12. Section 3.2.2: On page 18 of the RFQ, would it be possible to be more precise about the generation capacity? The word approximately may create uncertainty. Does the RFQ authority foresee any upward or downward tolerance to 300 MW?**

Response:

Generation capacity of 300 MW should be considered the nominal plant output. A tolerance has not been specified at this time; however, if a tolerance is to be specified it will be included in the RFP.

- 13. Section 3.2.2: On page 18 of the RFQ, what does “*modern environmental control and monitoring equipment*” stand for? Would it be possible to elaborate more on modern environmental control and monitoring equipment? Does it mean Continuous Emission Monitoring Systems?**

Response:

Environment control equipment refers to that equipment which reduces and monitors regulated emissions constituents. If required for permitting and/or due to other regulatory obligations, environmental monitoring equipment may stipulate continuous emissions monitoring system (“CEMS”); this is to be determined by the Respondent.

- 14. Section 4, Part 4: On page 23, would it be possible to be more precise on the reference type? Does it mean the public utility and/or end customer to whom the Respondent provided electricity generation services?**

Response:

The Authority, and/or its representatives, may seek feedback from reported references to understand the Respondent’s prior project performance and capabilities. References provided by Respondents should be those who are in the best position to confirm and explain the Respondent’s role, scope, performance, results, and any other related work or project execution information that



will help demonstrate and confirm experience and capabilities. Depending on the specific project experience, the type of referenced party may vary. Generally, it would be expected that the references are from the public or private utility.

15. Section 4, Part 4: On page 24, would it be possible to elaborate more on the “state of the supply chain”? What exactly is needed to be assessed?

Response:

The request to address “state of the supply chain” is intended for the Respondent to share its assessment and view of the current and/or near-term status relating to the relevant availability of power generation equipment with natural gas and hydrogen fuel burning capabilities.

16. If subsidiaries of a Project Company appear in the list of “Restricted Parties”, it is understood that this Project Company is also restricted from participating in the RFQ-2023-01 process?

Response:

Per Section 2.5 of the RFQ, the term “Restricted Parties” encompasses the list of entities on page 12 and any legal entities Related to them. As used in the RFQ, a person or company is “Related” to a legal entity if (i) one may exercise Control (as defined in Section 2.4 of the RFQ) over the other; or (ii) each is under the direct or indirect Control of the same ultimate person or legal entity. If a project company is Related to a Restricted Party, it will also be restricted from participating in the RFQ process.

17. The audited financial statements of the project company for the year 2022 are not yet consolidated. Would it be valid to send the consolidated financial statements for 2020 and 2021 and then once the audited financial statements for 2022 are available, amend the financial requirement?

Response:

The Authority can accept audited consolidated financial statements for the last two (2) years available (i.e., 2021 and 2020). Respondents are highly encouraged to submit consolidated financial statements for 2022 as soon as they become available.

18. We respectfully request the Authority to define the maximum allowed output/capacity in megawatts that will be allowed.

Response:

Please see response to Question 12.

19. Please provide a detailed list of any security, guarantee, and insurance required for the private partner.

Response:

Please note that this will be outlined in more detail in the RFP.

20. Please provide a list of the financial penalties for shortfalls in availability and capacity.



Response:

Please note that this will be outlined in more detail in the RFP.

- 21. Please confirm the financial conditions required for the entity expected to guarantee the private partner's performance under the PPP Contract. Confirm if there is room to negotiate in this matter.**

Response:

Please note that this will be outlined in more detail in the RFP.

- 22. Please confirm how increased customer costs are recovered if new requirements are imposed, or the PPP is terminated early by PREPA without cause, or if PREPA breached the terms of the PPP.**

Response:

Please note that this will be outlined in the RFP.

- 23. Please confirm whether the private partner should have the right to handle the design and construction of interconnection facilities.**

Response:

Please note that this will be outlined in the RFP.

- 24. Please confirm how will be the financial treatment in the case of an amount of energy deemed available at the interconnection point but not taken by the customer as a result of any special event.**

Response:

Please note that this will be outlined in the RFP.

- 25. Please confirm if this project is covered by (Act 120), in relation to high energy efficiency projects (Act 57).**

Response:

As noted in Section 1 of the RFQ, both Act 120 and Act 57 are part of the project's legal framework and is covered by Act 120 in relation to high energy efficiency projects.

- 26. Section 4: Refer to section 3.1.b - what type, amount and timing of performance security bonds will be required by sponsors?**

Response:

Information regarding performance security bonds, and/or other forms of performance guarantee(s) will be included in the RFP.

- 27. Will the PPP concession be structured as a Build-Operate-Transfer ("BOT") or BOO ("Build-Own-Operate")?**

Response:



The agreement will be structured as a BOO model and operate under a Power Purchase Agreement; however, Respondents should refer to the RFP for the proposed structure once published.

28. Do employees who are Key Individuals, qualify as Team Members? For the purpose of the evaluation criteria under Part 3 and Part 4 of the RFQ.

Response:

Key Individuals are not Respondents/Team Members. If a Respondent/Team Member believes it satisfies evaluation criteria requirements in Part 3 and Part of 4 of the RFQ because of the qualifications of Key Individuals included in their SOQ, such Respondent/Team Member should submit an explanation for the Authority's consideration.

29. Section 4: Is there a minimum score requirement to qualify? What is the criteria and weighting for each requirement in Parts 2, 3, and 4?

Response:

There is no minimum score required to qualify. Per Section 4, the Evaluation Criteria is meant to assist the Partnership Committee in identifying the Qualified Respondents. Accordingly, there is no "score" threshold over which a Respondent will be automatically considered a Qualified Responder, nor a score threshold under which it will be automatically denied.

The Evaluation Criteria does not specify weight for each requirement in Parts 2, 3 and 4. Instead, the Partnership Committee will conduct a holistic review of each SOQ guided by the Evaluation Criteria.

30. Please provide a list of permits required.

Response:

There is no list of required permits currently available. Respondents should anticipate developing their list of expected necessary permits and plans to obtain and comply with regulations for operation of a power plant in Puerto Rico.

31. Refer to section 2.2.f – Please clarify "ability to coordinate with a largely Spanish-speaking workforce".

Response:

Puerto Rico is a self-governing territory of the United States and its official languages are Spanish and English. However, Spanish is the primary language for >95% of the population. Accordingly, the Partnership Committee will consider prior experience in Spanish-speaking jurisdictions, a bilingual workforce, or any other experience coordinating a Spanish-speaking workforce as a favorable consideration when evaluating Respondents.

32. Please confirm if it will be possible to work with subcontractors abroad?

Response:

The Respondent may select qualified and capable subcontractors locally or outside of Puerto Rico; although the RFP will state a preference for local (Puerto Rican) subcontractors. The anticipated



subcontracting plan will have to be included by Qualified Respondents as part of their proposal during the RFP phase.

33. Section 3.2.2: When is the notice to proceed issued?

Response:

Please note that a more detailed timeline will be outlined in the RFP.

34. Section 3.2.2: What contingency for permits and land purchase are included in the 30 months?

Response:

This is for the Respondent to determine.

35. Will there be an Environmental Impact Analysis (“EIA”) process prior to the publication of the Notice To Proceed?

Response:

If required by applicable regulations, there will need to be an EIA conducted by the Respondent.

36. Section 3.2.2.d: Who will be responsible regarding the land acquisition or expropriation of the land for transmission line construction?

Response:

Respondent is responsible for site selection and acquisition for both the plant real estate and transmission interconnection requirements.

37. Are there any specific site access or construction requirements that need to be considered?

Response:

There are currently no specific access requirements; however, construction and operation requirements should consider FEMA earthquake hazard maps for Puerto Rico.

38. Will there be an origin restriction for supply of equipment from certain countries?

Response:

Equipment supply must comply with U.S. import regulations.

39. What will be the expected usage ratio distribution for fuel gas / fuel oil / gas-h2 blend?

Response:

There is currently no specification for hydrogen fuel percent content. The RFP may include additional specifications; however, the Respondent should specify its hydrogen fuel percentage capability and any additional plans to increase hydrogen content in the future.

40. How would the fuel cost be charged by the plant to the Government? (Structure, heat rates etc.)

Response:

This will be outlined in the RFP as part of the terms of the Power Purchase Agreement.



41. Section 3.2.1.h: Please clarify the source of natural gas? What is the pressure and quantity available?

Response:

Respondent is responsible for the procurement of fuel; either independently or in coordination with the Legacy Generation Assets Operator.

42. Section 3.2.1.h: Please clarify the source of Hydrogen?

Response:

Respondent is responsible for the supply/procurement of hydrogen fuel; either independently or in coordination with the Legacy Generation Assets Operator.

43. Section 3.2.1.h: What is the availability of ultra-low sulfur diesel fuel?

Response:

Respondent is responsible for the supply/procurement of diesel fuel; either independently or in coordination with the Legacy Generation Assets Operator.

44. Section 3.2.1.g: What is the water source?

Response:

Respondent is responsible for determining the source of water.

45. Section 3.2.1.g: In the case of water wells, what water rights are available?

Response:

Respondent is responsible for determining the source of water.

46. Section 3.2.1.g: Are there any water costs? if any?

Response:

Respondent is responsible for determining the source and associated costs of water.

47. Section 3.2.1: Please explain in detail the net electrical output payment and a dependable capacity payment? Will there be an offtake guarantee?

Response:

This will be outlined in the RFP as part of the terms of the Power Purchase Agreement.

48. Section 3.2.2.h: Please confirm if “capacity to operate at an annual equivalent availability factor of at least 95 percent” refers to any ramp rate required in due course? Kindly inform the design basis for this power plant (base load, peaking etc.)

Response:

The power plant is expected to operate primarily in base load. Performance requirements will be provided in the RFP.



49. Sections 3.1.2 / 3.2.2.h: Although your RAS study targets 65% availability for all the plants in Puerto Rico, you require 95% availability in this RFQ. Will there be penalties or incentives based on the availability performance of the plant? Will there be a partial availability clause?

Response:

This will be outlined in the RFP as part of the terms of the Power Purchase Agreement.

50. Section 3.2.2.h: 95% availability might require n+1 solution. Is this recognized in the capital charges?

Response:

Respondent should determine and present its recommended proposed solution.

51. What would the offtake tariff structure include? (Capacity payment, local/foreign variable O&M, local/foreign fixed O&M, CPI indexation)

Response:

This will be outlined in the RFP as part of the terms of the Power Purchase Agreement.

52. Time of concession? – What is the expected lifetime of the plant?

Response:

This will be outlined in the RFP.

53. Section - 5.11.q: Are there any plans for future plant expansion?

Response:

Any plans for future plant expansion will be provided at the RFP phase.

54. Is the PPOA guaranteed by the federal government or the Government of Puerto Rico? If not, what payment security would be available?

Response:

There will be no government guaranty or any other type of credit support, which are unnecessary both from a credit and market expectation perspective. This is consistent with established practice of the Commonwealth of Puerto Rico (the "Central Government") with respect to providing any guaranty or credit support to any of its instrumentalities. Further, throughout the years, the Puerto Rico Electric Power Authority ("PREPA") has consistently entered into Power Purchase Agreements without any guaranties or credit support from the Central Government. Those Power Purchase Agreements were entered into before and during PREPA's debt restructuring process under Title III of PROMESA, and have attracted robust market participation and counterparties have been able to obtain any necessary funding for any required capital or development costs. Therefore, financing for the Project should be achievable without a government guaranty or credit support.



55. Section 3.2.1.b: What is the maximum MW power that can be injected in each of the selected substations without modification of the substations?

Response:

This will depend on the site selection and the outcome of the interconnection study to be done by the Respondent in conjunction with the T&D Operator.

56. Section 3.2.1.b: Please share the list, if any, of potential substations which has enough room to connect 300MW plant?

Response:

This will depend on the site selection and the outcome of the interconnection study to be done by the Private Partner in conjunction with the T&D Operator.