

CUC-RFP-07-015
PRE-PROPOSAL CONFERENCE
GRID SUPPLY RENEWABLE ENERGY GENERATION PROJECTS FOR CNMI
February 27, 2008 at 10AM at the CUC Executive Director's Office

MINUTES

The intent of this pre-proposal conference was to make clear the needs of CUC plans and Scope Of Work, and answer questions from prospective Offerors.

Attendance sheet is attached.

The CUC Purchasing Manager reminded prospective offerors of the following:

REQUEST FOR PROPOSAL:

The Commonwealth Utilities Corporation (CUC) seeks the development of Grid Supply Renewable Electricity Generation ("REG") projects for the Commonwealth of Northern Mariana Islands (CNMI) and intends to enter into long-term performance contracts, where the contractors will be fully responsible for construction and operation of these Renewable Electricity Generation ("REG") projects. This Request For Proposal (RFP) is the first in what the CUC envisions to be an ongoing process of growth and development of a comprehensive portfolio of increased energy efficiency in the CNMI islands, to reduce the islands' dependence on fossil fuel/s.

CUC is the government-owned electric, water and wastewater utility. CUC believes that market conditions offer highly attractive opportunities for renewable power suppliers in the CNMI, while at the same time providing our consumers with energy from alternative sources at reduced power rates.

CUC is soliciting competitive proposals from interested parties (proposers) to provide for all costs, material, labor and equipment for the Design, Supply, Installation, Commissioning, Operation and Ownership of REG facilities in the islands of Saipan, Rota and Tinian, including associated interconnection facilities to interface with CUC power grid.

CUC believes that the following technologies are technically and financially feasible for REG projects, with sufficient output sold either individually or "packaged" together: Solar photovoltaic, wind energy, wave or tidal energy. Other technologies that may be useful to consider are, fuel cells, solar thermal power, geothermal power and methane gas-fired generation from landfills or a biomass facility. However the proposers are responsible to choose the most effective and appropriate technologies for their application based on their assessment.

CNMI has one of the highest power tariff rates in the nation. This averaged from US \$ 0.244 to \$0.319 per kWh sold, for the majority of consumers, with the fuel component rate of \$0.228 cents per kWh in September 2007. CUC, intends to guarantee for a period of years the purchase of the REG-produced power at a negotiated rate from the most competitive offerors. CUC may select more than one proposer. CUC is hoping to achieve full compliance of the CNMI Public Law 15 – 23 for Renewable Energy in CNMI through this RFP process. The RFP documents are available [below](#). CUC does not intend to distribute hard copies for this RFP.

Discussion may be conducted with responsible proposers, who submit proposals determined to be reasonably susceptible to being selected for award, for the purpose of clarification and to insure full understanding of, and responsiveness to, solicitation requirements. Proposers shall be accorded fair and equal treatment with respect to any opportunity discussion and revision of proposals and such revisions may be permitted after submission and prior to award for the purpose of obtaining the best

and final offers. In conducting discussion, there shall be no disclosure of any information derived from proposals submitted by competing proposers. CUC will evaluate the offers based on price and the likelihood of the offeror's being able to deliver the power (a combination of technical and financial capability), under applicable procurement regulations.

Proposals that provide the maximum installed capacity and energy for integrating into the grid are preferred, but other criteria will also be considered to encourage a diversity of technologies and environmental benefits that also maximize the potential savings for CUC and the community. CUC is expected to award the contract to successful proposals which will conclude in completed projects on a ¢/Kwh generated, or some other quantifiable measure for a maximum period of 20 years.

This RFP does not commit CUC to award a contract, pay any costs incurred by a proposer in preparing a proposal, to procure or to contract for services. CUC reserves the right to reject any and all proposals pursuant to CUC's Procurement Regulations or may cancel the RFP if to do so would be in the best interests of CUC. All proposals shall become the property of CUC.

For the record there has been a protest for this project by Telesource on December 20, 2007 and the Executive Director decision was issued on February 8, 2008 and as of February 25, 2008 an appeal of the Executive Directors decision was submitted to the Office of the Public Auditor.

For clarification Addendum No. 2 is as follows:

1. QUESTIONS/CLARIFICATIONS FROM POTENTIAL CONTRACTORS- Time Extended to Wednesday, February 20, 2008 no later than 3:00 p.m. (Saipan Time)
2. PREBID CONFERENCE – To be held on Wednesday, February 27, 2008 @ 10: 00 a.m. (Saipan Time) at the CUC main office, 3rd Floor Joeten Dandan Building, Saipan, for all prospective offerors who have submitted their "Expression of Interest".
3. FINAL RESPONSE TO ALL QUESTIONS/CLARIFICATIONS BY CUC - By Tuesday, March 11, 2008 @ 4:00 p.m. (Saipan Time)
4. PROPOSAL SUBMISSION BY PROPOSERS – One (1) original and seven (7) copies to be submitted by March 31, 2008 no later than 3:00 p.m. (Saipan Time) in a sealed envelope to Purchasing Manager, CUC Procurement Division, 3rd Floor, Joeten Dandan Building, P.O. Box 501220, Saipan, MP 96950, Tel: (670) 235-7025 thru 7032 and Fax (670) 235-5138. For proposers outside of CNMI, the proposals shall be postmarked on the same date as the closing day for submission of the proposals and received within seven (7) working days (April 9, 2008).

Questions and Answers:

Note: Questions on the protest submitted by TELESOURCE? NONE

- Q.1 Is the questions submitted by E.M. Chen considered timely or untimely?
- A. 1 Considered timely. Since the Pre-Proposal Conference is open to all questions. The issue was raised at the pre-proposal conference . All the questions set forth in the e-mail were presented orally without objection from other participating proposers.
- Q.2 Public Law No. 15-23 Section 8622 Renewable Porfolio Standard states some timelines. First 5 % sales shall be by December 31, 2007. Since that time has passed, has the Public Law been amended?

- A.2 The Public Law 15-23 has been amended and is posted on the website, the new Public Law is 15-87 that includes also amendment of some of the sections of Public Law 15-23.
- Q.3. In the RFP, it explained that Saipan current power plant with 110 MW with average of 48 MW and peak of 72MW. Based on the Public Law 15-23, is the renewable energy power required 50% of 72MW?
- A. 3 The renewable energy portfolio is based on net energy sales and 50% is down the road year 2030 or so, which is a long term requirement.
- Q.4 When you say requirements for year 2030 have you made the study?
- A. 4 The requirements and schedules are what is noted in the Public Law that was enacted by the Legislature and approved by the Governor. As a utility CUC is supposed to follow any public law applicable to it and hence CUC is trying to achieve this objective through this RFP.
- Q. 5 Does CUC have any studies with projections for power?
- A. 5 CUC is not aware of any study which has projections of power required..
- Q. 6. How do we know what is the power demand by the year 2030.
- A. 6 CUC at this point does not have any studies. The law was not made by CUC, it was enacted by the Legislature.
- Q.7 Would data be available from CUC as far as load on the island of Saipan, Tinian and Rota? Could you also provide information regarding Kilowatt hours utilized commercially versus residential?
- A. 7 Yes, CUC will compile this information and arrange to provide to all offerors.
- Q. 8 Is CUC aware of how much estimated load that is out there right now that is hooked up or cannot be hooked up at this time on Saipan? Just an estimated figure.
- A. 8 CUC is not too sure of the unconnected load right now since an estimate was done last three (3) years ago.
- Q. 9 Is this information available upon request?
- A. 9 Yes. CUC will try to gather this information and provide to the proposers.
- Q.10. Would it be possible to request for site visit for all three islands to familiarize with existing power Conditions?
- A . 10. CUC will arrange and inform the schedule to all.
- Q. 11 Will CUC assist a proposer in acquiring land that is a private land and in arranging easement in Saipan, Tinian and Rota? Because there might be some government land and private land involved with the study?
- A.11 CUC had some correspondence with CNMI government and U. S. federal agencies requesting their assistance to CUC and the proposers. CUC received three (3) responses, that will be posted on the website along with the letters that were sent out requesting assistance. At this point of time we would like to emphasize that CUC has no control over Public Land or private land. Basically, the RFP is designed in such a way that the proposer is fully responsible for locating the facility because CUC does not have any warranty or guarantees from any agencies at this point of time.
- Q. 12 Public Land has non use and maybe recommend their co-ordination. We have identified several homestead sites for said placement of said facility. However, there are environmental issues that needs to be addressed (e.g. birds). There is a need for a study or potential impact & environmental permit clearance.
- A12. CUC may assist and have the governor certified to PL5-33.

Q. 13 We would like to request a time extension for the submitting of proposal to April 30, 2008 in order for us to submit a good feasible proposal.

A. 13 The response will be in writing upon the Executive Director's approval.

Q. 14 Will CUC assist in getting Zoning Permits?

A. 14 Basically all the activities such as conducting studies, permitting, installation and operation, are the responsibility of the proposers. CUC cannot guarantee assistance..

Q.15. A lot of this type of renewable energy project will not be compatible with the zoning.

A. 15. CUC can not commit anything since it is outside CUC's responsibility

NOTE: CUC clarified the applicable Renewable Energy Standards, as per PL 15 –87 § 8622
Renewable Portfolio Standard:

(a) Each electric utility shall establish a renewable portfolio standard of:

(1) Ten percent of its net electricity sales on or before December 31, 2008.

(2) Twenty percent of its net electricity sales on or before December 31, 2010

(3) Forty percent of its net electricity sales on or before December 31, 2012;

(4) Eighty percent of its net electricity sales on or before December 31, 2014

Q. 16 We have information that CUC and the Water Task Force is about ready to mobilize a rig up to Gualo Rai. My understanding is that they are going to drill four (4) new holes according to a plan presented by former USGS James Quick who was retained by the Governor to do the supervision work. Will that protocol that is going to implement exploratory drilling be used for assessment of the potential for Geothermal potential at that site? Will that information be used from the exploratory drilling for a contract by James or will it be used exclusively by the Government or be available for private sector to determine geothermal potential for power plant at that site?

A. 16 CUC may be able to access information if they are working with Water Task Force. We have read the from media that Dr. Quick is under independent contract with the office of the Governor. CUC is not sure what the Scope of Work is. It will be the best interest for the corporation and proposers to gather this, for dissemination to all.

Q. 17. Geothermal outweighs all the other renewable by far because the cost of production is so low. So all the other renewable you are talking about cost more per Kilowatt hours. To research the information I think is of paramount importance to determine what the future is for renewable for Saipan, Rota and Tinian.

A. 17 CUC will do some research because it very critical and thank you for bringing it up.

Q. 18 Will the attendance sheet copy (of the pre-proposal conference) be available now.

A. 18 Yes

Q. 19 Have you finalized the selection committee? Are you all the members for the selection committee?

A. 19 CUC has not established the Selection Committee. The committee here was put together to assist in the RFP stage.

Q. 20 Questions on Proposal Section 3 .4 Financial Information; provide financial details pertaining to the proposer, joint venture or consortium. Describe the investment planned and anticipated cash flow for the contract period from selling or using renewable power produced from the plant. What details are you looking for?

A. 20 Basically this financial information is to verify whether the proposer have enough potential to

fund the project including the operations . CUC wants to partner with companies that are financially stable and when you have a contract for a twenty year period we are assured of a potential financially stable contractor and it becomes easy for CUC to enter into a contract knowing very well that there wont be a problem down the road because of cash flow.

Q. 21 For companies that submitted the “Expression of Interest” will there be a response or just a documentation part of the RFP process.

A. 21 The reason why CUC has the Expression of Interest was to make sure that CUC is able to provide responses and update to the proposrs who have registered and also to gauge how many proposers are participating in the RFP process. We plan to get all questions and answers distributed to all proposers.

Q. 22 So there will be no response to the expression of interest just acknowledgement.

A. 22 We have acknowledged the receipts of the expression of interest.

Q. 23 Can we get a copy of the minutes of the Pre-Proposal Conference?

A. 23 Yes.

Q. 24 Mr. Sablan, does CUC have a Financial Annual Report?, even the unaudited latest will be sufficient

A. 24 We will check with our accounting and revert back to you

Q. 25 Can we get one since its public information?

A. 25. We will try to arrange as soon as possible

Meeting was adjourned at approximately 11.20 A.M.

The above summary describe to the best of the author’s knowledge the items discussed and actions to be taken. If you have any comments or corrections, please advice CUC in writing at rfpinfo@cuccnmi.com no later than 7 working days after release of this document by CUC.

ANTHONY C. GUERERO
Executive Director

cc: Legal Counsel
Power Division
Prospective Offers
Procurement and Supply
Power Generation
RFP File