

May 22, 2009

# Request for Proposals for Wind Energy Supply

Caribbean Utilities Company, Ltd.  
Grand Cayman

## KEY DATES

RFP Issue	Week 0	May 22, 2009
Pre-proposal Meeting	Week 7	July 9, 2009
Notice of Intent to Propose	Week 9	July 23, 2009
Deadline for Questions	Week 23	October 29, 2009
Deadline for Responses	Week 25	November 12, 2009
Proposals Due	Week 27	November 26, 2009
Short-list Notification	Week 33	January 7, 2010
Final Selection(s)	Week 47	April 15, 2010



# Request for Proposals for Wind Energy Supply

## Caribbean Utilities Company, Ltd.

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# Section 1

## BACKGROUND

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### 1.1 Introduction

The Caribbean Utilities Company, Ltd., (“CUC”) is issuing this Request for Proposals (“RFP”) as an invitation to qualified companies (“Proposers”) to submit one or more proposals to develop, finance, permit, design, construct, test, operate and maintain up to an aggregate of approximately ten (10) Megawatts (“MW”) of wind energy resources on Grand Cayman for sale to CUC under the terms of a Power Purchase Agreement (“PPA”). The wind energy resource will be suitable for commercial electric utility use, incorporating applicable electric utility industry standards. CUC selected the Proposers from a screening of submittals received in response to its July 24, 2008 Request for Expressions of Interest. Proposals must be at least one (1) MW in capacity and must be priced on an energy only basis for two alternative PPA terms: fifteen (15) years and twenty (20) years. Proposers are required to submit Proposals for projects that can begin delivery of energy to CUC no later than January 1, 2012.

CUC is seeking Proposals for projects utilizing mature technologies which must be demonstrated in the Proposal. Prototype equipment or technologies that are in the development stage will not be considered.

Any PPA negotiated between CUC and a selected company would be submitted to the Cayman Islands Government’s Electricity Regulatory Authority (“ERA”) for review and approval. Upon approval, the ERA will issue a Generation Licence to the successful Proposer. The licence shall be valid as long as the PPA associated with this RFP is in effect. The successful Proposer must agree to the terms and conditions of the Generation Licence and comply with all laws of the Cayman Islands and with the provisions of the PPA in order to maintain its Generation Licence in good standing.

A selected company would be required to provide all services associated with the development, siting, permitting, financing, construction, testing, operation and maintenance of the wind energy facility to deliver the prescribed level of energy to the CUC electric system at the defined delivery point(s).

### 1.2 Description of CUC’s Electric System

CUC operates as the sole public electric utility in Grand Cayman, supplying the electric energy needs of the community under Licence from the Cayman Islands Government. CUC has provided this service to its customers since May 1966. The peak demand and net energy generated for the Grand Cayman Electric System for 2008 was, for September 2008, approximately 93.8 MW and 572 GWh, respectively. CUC’s peak demand is projected to grow at a rate of 2.5% over the next three years.

Currently, CUC burns diesel fuel exclusively in all of its power generating units comprising fifteen (15) reciprocating engine generators and two (2) combustion turbine generators with a total capacity of approximately 137 MW. A list of CUC's generating units is provided in Attachment 3. All of CUC's power generating capacity is situated at the North Sound Power Plant site. In April 2008, CUC executed a 20 year Electricity Transmission and Distribution Licence with the Government of the Cayman Islands which contains provisions for CUC to purchase non-dispatchable renewable generation from alternative energy sources such as wind.

In October 2008, the ERA issued a Request for Proposals to qualifying Proposers, including CUC, for the development and operation of 16 MW of dispatchable power generation capacity on Grand Cayman to begin providing regular service no later than May 1, 2012 and another 16 MW no later than May 1, 2013, each for a period not exceeding 25 years.

CUC's transmission and distribution ("T&D") system on Grand Cayman is comprised of seven major transformer substations, approximately 277 miles of overhead 69 kV and 13 kV circuits and 14 miles of 69 kV submarine cable. The nominal system frequency is 60 Hz. Diagrams of the electric transmission system are shown in Attachments 4 and 5.

Certain documents that would provide Proposers with further information on matters relating to CUC and the electric utility regulatory environment in Grand Cayman are posted on the CUC website at [www.cuc-cayman.com](http://www.cuc-cayman.com) and on the ERA's website at [www.caymanera.com](http://www.caymanera.com). Copies of the ERA Law (2008 Revision) as well as copies of CUC's Generating and T&D Licences issued in April 2008, and the RFP for dispatchable power, can be found on the ERA website.

### 1.3 Potential Power Supply Requirements

CUC is requesting wind powered renewable energy proposals for several purposes: to meet a portion of its future energy requirement, to reduce its dependence on fuel oil, to diversify its power supply, to lower the sensitivity of consumers' bills to fuel price fluctuations, and to limit further increases in air pollutants including greenhouse gases. Based on the nature, the status of wind generating technologies, the potential wind resources at Grand Cayman and the energy displacement ability of wind power, CUC has determined that that wind powered resources represent a generally suitable addition to the CUC system. Therefore, to assist in meeting its renewable resource needs, CUC is considering only wind powered renewable resources, utilizing mature technology, in this RFP process.

In this RFP, CUC is seeking to obtain wind powered resources up to a maximum of approximately 10 MW in aggregate. The total wind generation rated capacity of approximately 10 MW that is being requested is within the range that can be safely integrated into the island's electric system based on preliminary studies. As part of the evaluation of the Proposals, CUC will assemble the several short-listed projects into portfolios and simulate their operation to confirm that the interconnection of the

project or projects aggregating to the requested nominal capacity can be integrated into the CUC system at the interconnection points defined in the Proposals.

The total amount of capacity being proposed from each Proposer (the “Project”) may, at the election of the Proposer, be located on a single site or on multiple sites, but should be no more than approximately 10 MW in the aggregate, and require no greater than three (3) separate interconnection points with the CUC system. The minimum size allowed for a Project at a single location is 1 MW.

CUC is seeking a PPA commencing no later than January 1, 2012 and extending for alternative terms of fifteen (15) years and twenty (20) years. CUC is requesting proposals that offer pricing over each of the two terms. CUC may wish to purchase the facilities sometime after at least (5) five years operation and request that proposers provide the methodology to be followed in determining the selling price of the project and any major terms that would apply to such an acquisition, and whether the methodology would change over time.

The Proposer must agree to allow CUC the right to retain all renewable energy credits or attributes for energy delivered to CUC under the terms of a PPA.

The Proposer should explain how CUC’s potential requirement to curtail generation from the wind resource due to minimum load condition and spinning reserve for its diesel-based generation would be accommodated.

CUC requires the Proposer or its accepted successor to develop, site, permit, finance, construct, test, operate, and maintain the proposed Project for the entire PPA period. CUC would prefer a pricing mechanism that consists of an all-in energy price, and would consider a minimum take or pay amount of energy that CUC would purchase from the resource over a multi-year period. This take or pay would not apply in the case of curtailments resulting from situations that are beyond CUC’s control and plant outages resulting from situations that are beyond the Proposer’s control.

CUC would require a performance assurance to protect CUC from potential failure to perform. It is contemplated that the Project will be subject to a guaranteed minimum generation over a multi-year period with provisions to address pricing associated with excess energy supply and penalties for deficient energy supply.

## **1.4 Wind Resource**

The Proposer is responsible for all aspects of the characterization of the wind resource and the estimation of gross and net energy, including the collection of any required wind data, the processing of such data, the correlation to a long term reference, the forecast of gross and net energy production from the Project submitted by the Proposer, and the uncertainty analysis applied to such forecasts.

CUC has previously commissioned and has had a study of wind energy potential on Grand Cayman executed. CUC will make the Wind Study Report available to all Proposers along with twelve (12) months of raw data measured from the wind study performed at two separate locations on Grand Cayman. CUC assumes no liability for the accuracy or completeness of either the data or the report, and the Proposer will be

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solely liable for its use of the data or the report. The use or lack of use of the data or the report shall in no way relieve the Proposer from its obligation to perform its work under this RFP or the resulting PPA or to meet any requirement of the PPA.

Based on preliminary assessments of the potential for wind generation, CUC engaged PanAero Corporation to measure and analyze the wind data at two locations on Grand Cayman over a twelve month period. The two sites selected were the Quarry location in the island's East End and the Mastic Area near the island's Northside. The raw data recorded at these locations along with the Final Report dated April 30, 2003 are included in Attachment 2 of this RFP.

In addition to the wind data provided in the PanAero Report, certain wind data is also available from the Cayman Islands Meteorological Department. Proposers are advised to contact the Meteorological Department to determine what information is available and whether such information would be useful to them in projecting the performance of their proposed equipment.

The Proposer is required to provide, at a minimum, a monthly net energy forecast in the form as shown on Table 3.3, in Part E of Section 3 for each energy delivery point along with a breakout of the losses that it applied in establishing the projected net energy to be delivered to CUC including information to justify or support the overall losses that it projects.

### 1.5 Project Siting

It is the responsibility of each Proposer to obtain right of use for any site included in a proposal, including the two sites noted above, and a Proposer must demonstrate the willingness of the property owner to sell the site or to lease it for the installation and operation of wind turbine generators and associated equipment. Multiple sites may be utilized by a Proposer to achieve the maximum project output of approximately ten (10) MW.

A Proposer shall demonstrate an understanding of the zoning as well as environmental and other permitting regulations that would apply to the siting and operation of a wind turbine generating facility on Grand Cayman. For each proposed site, a Proposer should provide a project development approach and timeline that includes the key site and environmental permitting activities, such as zoning approval and an environmental impact study.

It is contemplated that the Proposer will be responsible for meeting the planning, zoning, and environmental requirements including submission of an environmental impact study that will address potential public concerns such as noise, impacts on wildlife, radio frequency interference, shipping, tourism, recreation, and aesthetics among others, for either on-shore or off-shore locations, as applicable. Proposers shall provide a plan to address these potential issues for each proposed site.

## 1.6 Electric Interconnection

The location of the CUC T&D infrastructure on Grand Cayman is shown on the diagram in Attachment 5. CUC has identified feasible interconnection points on the 69 kV transmission network at existing 69 kV substations. The successful bidder(s) may interconnect to either CUC's 69 kV or 13 kV network.

The Proposer should assume that the cost of interconnection from the wind resource to the point of interconnection with CUC's electric system will be the Proposer's responsibility. It is contemplated that CUC will perform installation and assist with obtaining rights of way for the interconnection, but that the Proposer will pay all costs associated with the interconnection. The interconnection facilities will be owned, operated, and maintained by CUC, unless otherwise negotiated between CUC and the Proposer. Proposers should include in the proposal a breakout of costs assumed for the interconnection. Preliminary planning level cost estimates for the potential interconnections with the CUC Electric System are provided at the end of this Section. Proposers shall also include the estimated cost of any required upgrades at the relevant substation in developing their Proposals. The interconnection cost would include the cost of the circuit extension from the interconnecting substation to the power generating facility. The upgrade costs include the cost of any upgrades to existing CUC equipment at the substation or on the CUC network. When a Bidder notifies CUC of the proposed location for the power generating facility, CUC will identify a circuit route and prepare an estimate for the circuit extension. The estimated costs of such upgrades will be provided by CUC if sufficient information is available (prior to performing a detailed interconnection study with the winning bidder).

Once the short-listed Proposers are selected, CUC will perform a detailed system upgrade analysis and cost study to update its preliminary planning level cost estimates, which will be submitted to the ERA for approval. The cost of both the interconnection and upgrade facilities associated with delivering power from the generating plant to the T&D system will be borne by the Proposer, so these costs will constitute no increase or a nominal net addition to CUC's rate-base. As part of the negotiations with the short-listed Proposers, the potential impact on the proposed charges associated with any difference between the updated upgrade and interconnection costs and the initial estimates will be determined prior to contract execution. If the cost differential between the initial estimates and the updated costs are significant, then Proposers will be permitted to either make justifiable adjustments to their pricing or withdraw the proposal without penalty.

Consideration of delivery points for 5 MW of capacity and lower to the 13 kV system will be given by CUC on a case-by-case basis. Proposers should identify proposed 13 kV delivery points as early in the Proposal preparation process as possible and submit a request to CUC for a preliminary interconnection feasibility assessment and cost estimate.

In any event, the wind turbine generator(s) should be capable of the following:

- Operating in the power factor range of 0.95 lag to 0.95 lead through internal or external compensation;

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- Compliance with the induced harmonic requirements of IEEE 519 Standard; and
- Compliance with the requirements of the CUC T&D Code for stability to system transients (See Attachment 6).

For purposes of this RFP, the following transmission and substation improvement costs have been estimated for the addition of up to 10 MW of wind powered resources to feasible interconnection points on the CUC electric system. Proposers are requested to use these planning costs assumptions in preparing interconnection costs associated with their Proposals.

- Cost per mile for 69 kV overhead transmission \_\_\_\_\_
- Cost per mile for 13 kV overhead transmission \_\_\_\_\_
- Substation upgrade costs to accommodate a single interconnection at 13 kV and 69 kV

<u>Substation</u>	<u>13 kV</u>	<u>69 kV</u>
▪ Frank Sound	_____	_____
▪ Rum Point	_____	_____
▪ Mid-Span Interconnection	_____	_____

**NOTE: The cost information noted above shall be issued to the Proposers as an Addendum to this RFP prior to the Pre-Proposal meeting.**

### 1.7 Ownership Option

In addition to providing energy supply pricing on a PPA basis, CUC is requesting Proposers to propose an option that provides for ownership of the generating facility by CUC after at least five years of operation. Proposers are, therefore, required to provide the proposed methodology to be followed in determining the selling price of the project and any major terms and conditions that would apply to such an acquisition by CUC. The Proposer does not have a right to sell the generating facility to CUC nor does CUC have the right to purchase the generating facility from the Proposer.

### 1.8 Proposal Evaluation

The Proposal evaluation process will be performed on a propose and negotiate basis. Information provided by each Proposer by the Proposal Due Date will be used to evaluate bids and develop a short-list of Proposals from which portfolios will be developed by CUC for use in the interconnection studies, and from which selections will be made for direct negotiations. No additional Proposal data will be considered after the Proposal Due Date, except clarifications requested by CUC and the results of system studies to determine electrical interconnection and transmission upgrade costs. A detailed description of the evaluation methodology is provided in Section 4.

## 1.9 PPA Negotiations

A draft PPA is provided in Attachment 7, which will form the basis for a final agreement between the Proposer and CUC. The Proposer shall indicate any exceptions to the provisions of the draft PPA. Such exceptions will be considered in the evaluation process.



## Section 2

# INSTRUCTIONS TO PROPOSERS

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## 2.1 RFP Schedule

The CUC timetable for this RFP process is shown below. The dates and times are presently only estimates and may be changed at any time at the sole discretion of CUC. All times in this RFP are shown in Local Cayman Islands time.

Issue RFP	Thursday May 28, 2009
Pre-proposal Meeting	Thursday July 9, 2009
Notice of Intent to Propose Due Date	Thursday July 23, 2009
Deadline for Proposer's Questions	Thursday October 29, 2009
Deadline for CUC's Responses	Thursday November 12, 2009
Sealed Proposals Due Date	Thursday November 26, 2009
Short-list Notification	Thursday January 7, 2010
Final Selection(s)	Thursday April 15, 2010

## 2.2 Pre-Proposal Meeting

CUC has scheduled a Pre-Proposal Meeting for Thursday July 9, 2009 at 10:00 A.M. Cayman Islands time at the offices of CUC located at 457 North Sound Road, P.O. Box 38 GT, Grand Cayman, Cayman Islands. The purposes of the Pre-Proposal Meeting are to provide any required clarifications to this RFP and any additional information deemed necessary in order for Proposers to submit their best Proposals. Attendance at the Pre-Proposal Meeting is optional. Although verbal responses to questions may be provided during the meeting, only written responses will be considered official. (Section 2.6 describes the process for submitting inquiries).

Proposers that wish to attend the Pre-Proposal Meeting shall register with CUC by submitting a written list of attendees via e-mail, facsimile or mail to the address provided in Section 2.4 no later than Thursday July 2, 2009.

## 2.3 Notice of Intent to Propose

All Proposers are required to provide written notification of their intent to submit a Proposal no later than Thursday July 23, 2009. A Notice of Intent to Propose Form is included herein as Attachment 1. All sections of the Notice of Intent to Propose Form must be completed in full. The form must be signed by an authorized representative of the Proposer, and submitted to CUC by facsimile, mail or via the Internet to the attention of Project Coordinator at the address provided in Section 2.4 below.

## 2.4 Submittal of Proposal

Sealed Proposal packages will be received until Thursday November 26, 2009 at 3:00 P.M. Local Cayman Islands Time ("Proposal Due Date") at the offices of CUC. **ANY PROPOSAL SUBMITTED VIA THE INTERNET WILL NOT BE ACCEPTED.** Each Proposer is required to submit the following as described in further detail in Section 3:

- Threshold Requirements
- Qualifications and Experience
- Project Execution Plan
- Proposal Pricing
- Net Energy Output and Losses
- Description of Technologies
- Permitting, Zoning and Public Involvement
- Project Financial Data
- Project Schedule
- Exceptions to the Draft PPA

All information regarding the above items should be presented in the English Language only. All pricing must be clearly stated in Cayman Islands Dollars ("CI\$"). The proposing company's name and the words "**Proposal for Development and Operation of Wind Generation on Grand Cayman**" must be clearly identified on the outside of each Proposal package. CUC reserves the right to reject all Proposals received after the Proposal Due Date.

One original and two (2) copies of each Proposal should be sealed and delivered to the following address:

Wind Generation Project Coordinator  
Caribbean Utilities Company, Ltd.  
457 North Sound Road  
P.O. Box 38 GT  
Grand Cayman, Cayman Islands  
[windproject@cuc.ky](mailto:windproject@cuc.ky)

An electronic copy of the complete Proposal, the pricing terms, and all spreadsheets included in the Proposal should be submitted in Microsoft Office Professional Edition 2003 or compatible format on CD or DVD or by direct download from an FTP site.

The Proposals must remain in effect and valid through at least May 26, 2010. The Proposal packages will be opened after the Proposal Due Date.

The Proposer must bear all costs associated with preparing and submitting its Proposal. CUC will not reimburse any Proposer for such costs.

## 2.5 Right of Rejection

This RFP is not an offer establishing any contractual rights. This solicitation is solely an invitation to submit Proposals.

CUC reserves the right to:

- Select or reject any or all Proposals received in response to this RFP at CUC's sole discretion;
- Reject any Proposal for failure to extend the validity date, if requested;
- Waive any requirement in this RFP, in which case Proposers will be given an opportunity to change their proposal price with justifiable reasons;
- Not disclose the reason for rejecting a Proposal;
- Negotiate an arrangement for power supply with more than one Proposer at a time;
- Not select the proposal with the lowest proposed price if other factors in the evaluation process described in Section 4.5 offset that difference;
- Request clarifications from Proposers at any time; and
- Negotiate with any Proposer that submits a valid proposal.

CUC will notify the ERA of any proposed changes to the RFP requirements and rejection of Proposers.

## 2.6 Interpretation and Addenda

All correspondence and questions to CUC regarding the interpretation of this RFP, technical or otherwise, must be submitted by letter, facsimile or E-mail to the following:

Wind Generation Project Coordinator  
Caribbean Utilities Company, Ltd.  
457 North Sound Road  
P.O. Box 38 GT  
Grand Cayman, Cayman Islands  
Fax: 345-949-5203  
[windproject@cuc.ky](mailto:windproject@cuc.ky)

Only written communication issued by CUC in response to Proposers' questions will be considered official. Verbal communication will not be regarded as official. Based on the nature and frequency of each question, CUC may choose to provide the response to the individual Proposer or to all Proposers. When providing the response to all Proposers, CUC will not disclose the name of the Proposer that submitted the question(s).

All questions must be received by CUC on or before Thursday October 29, 2009. Inquiries after this date may not receive responses. All addenda issued in connection

with this RFP will be issued by E-mail or facsimile to the Proposer's appointed contact.

## 2.7 Errors, Modifications, or Withdrawal of Proposal

Each Proposer should carefully review the information provided in the RFP prior to submitting a response. The RFP contains instructions which must be followed by all Proposers. Modifications to proposals already received by CUC will not be accepted after the Proposal Due Date and time. Proposals may be withdrawn by giving written notice (no Internet notices) to CUC at the address provided in Section 2.6 of this RFP. Such withdrawal will be subject to the provisions of Section 2.11 of this RFP.

## 2.8 Proposer Obligations

The Proposer is solely responsible for acquiring and maintaining compliance with all licenses, permits, and other regulatory approvals (including environmental) that will be required by current or future Cayman Islands Government or Regulatory Authority laws, regulations, or ordinances to successfully implement the Proposal. CUC will cooperate with any selected Proposer to provide information as may reasonably be necessary for the Proposer to satisfy licensing and regulatory requirements.

The Proposer agrees, by the act of submitting a Proposal in response to this RFP, to file any applications to fully support, as requested by CUC, any and all CUC regulatory proceedings related to the Proposal. Proposer shall be responsible for all of its costs to participate in regulatory proceedings.

The Proposer is solely responsible for the location, acquisition, permitting and development of the plant site and other land or infrastructure that is required for new facilities and transmission infrastructure.

The Proposer is solely responsible for all financing activities related to the Project and for engineering, design, procurement, construction and operation and maintenance of all aspects of the Project.

Proposers will be required to provide full facility and equipment access to CUC at several points in time:

- To conduct pre-installation and post-installation inspections including testing to verify the installations,
- To assure that the proposed capacity is achieved, and
- For subsequent inspections and tests, performed at CUC's discretion, to verify continued operation and maintenance of the Project for the applicable term.

Proposals will comply with all applicable electrical interconnection requirements. The Proposer will be responsible for all costs associated with entering into and proceeding through the interconnection queue, if required, including application fees, study deposits, and milestone payments.

The Proposer is responsible for incorporating standards and features in the design of the Project and in the operating procedures to mitigate the impacts of hurricanes and other adverse weather conditions that occur in Grand Cayman.

The Proposer is responsible for providing construction and operating insurance coverage for the Project as required in Article 14 of the Draft PPA.

### 2.9 Proprietary Confidential Business Information

The Proposal will be used solely to evaluate the Proposer's plan to develop and operate wind generation on Grand Cayman. Any information provided in the Proposal that the Proposer considers to be confidential should be clearly marked in bold letters with the phrase "**PROPRIETARY CONFIDENTIAL BUSINESS INFORMATION**" on each applicable page. CUC will not disclose any information so marked to another party other than its consultants and attorneys, unless such disclosure is required by law, by a court or by a government agency having appropriate jurisdiction.

The Proposers should assume their Proposals could be open to the public unless they provide adequate justification for a request of confidentiality for portions of their Proposals that may contain commercially sensitive information. The ERA will consider and make a determination on such requests for confidentiality in accordance with the Freedom of Information Law of the Cayman Islands.

### 2.10 Proposer Qualifications

Proposers shall provide adequate documentation to demonstrate that they, along with other members of the project team, have the qualifications and experience necessary to successfully deliver the project as detailed in the Proposal.

Proposers' credit information and ability to finance the proposed project(s) shall be documented fully in the Proposal.

### 2.11 Proposal Assurance and Performance Assurance

CUC requires each Proposer to provide a letter of commitment from a financial institution with a credit rating of at least A- by S&P, A3 by Moody's, or A- from Fitch indicating that they will be a guarantor for Proposal Assurance to be established by the Proposer in an amount equal to five Cayman Islands dollars (CI\$5) per kilowatt (kW) of the generating capacity offered in the proposal within ten (10) days of being notified that the Proposal is on the short-list of Proposals. The Proposal Assurance will be forfeited if the Proposer changes its proposal in a material adverse manner, withdraws its proposal after being short-listed or fails to establish the PPA Performance Assurance in accordance with Article 8.1(e) of the Draft PPA in Attachment 7 of this RFP prior to executing a PPA with CUC. The Proposal Assurance is to remain in effect until the

later of:

- The date to which proposals remain valid,
- Such time that CUC executes a PPA with the Proposer providing for the Proposal Assurance,
- CUC executes a PPA with a different Proposer or combination of Proposers to meet its requirements, or
- CUC decides to reject all Proposals.

The letter of commitment will state further that the financial institution will commit to be a guarantor for a Performance Assurance to be established by the Proposer when the PPA is executed that will minimize CUC's exposure to direct and consequential damages due to failure of the Proposer to fulfill the terms and conditions of the PPA. The amount of the Performance Assurance will decline over time as it will be re-assessed each year as a percentage of the revenues over the remaining life of the contract.

## 2.12 Events of Default and Remedies

Events of default and applicable remedies are provided in Article 4 of the Draft PPA which is provided in Attachment 7 of this RFP.

## 2.13 Disqualification of Proposals

Proposal(s) may be disqualified at CUC's sole discretion at any point if bribery, conflict of interest, or interference in the evaluation process is suspected or determined. The ERA will be notified promptly of such a decision should it arise.

## 2.14 Collusion

By offering a submission pursuant to this RFP, the Proposer certifies that the Proposer has not divulged, discussed, or compared its Proposal with other Proposers and has not colluded with any other Proposer or parties to this Proposal whatsoever. Also, the Proposer certifies, and in the case of a joint Proposal, each party thereto certifies, as to his own organization, that in connection with this Proposal:

- (1) Any prices and/or cost data submitted have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition, as to any matter relating to such prices and or cost data, with any other Proposer or with any competitor;
- (2) Any prices and/or cost data quoted for this Proposal have not knowingly been disclosed by the Proposer and will not knowingly be disclosed by the Proposer prior to the scheduled opening, directly or indirectly, to any other Proposer or to any competitor;

- (3) No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a Proposal for the purpose of restricting competition;
- (4) The only person or persons interested in this Proposal, principal or principals is/are named therein and that no person other than the person mentioned therein has any interest in this Proposal or in the contract to be entered into (except for publicly traded companies in which case the names of offices only shall be provided);
- (5) No person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee excepting bona fide employees or established commercial agencies maintained by the Proposer for the purpose of doing business; and
- (6) The Proposer has not and will not engage in any inappropriate direct or indirect contact, discussions, or collusion with any representatives of the Cayman Islands Government, the ERA, CUC or any other Proposer.

### 2.15 Regulatory Approval

Any PPA negotiated between CUC and a selected company would be submitted to the Cayman Islands Government's Electricity Regulatory Authority (the "ERA") for review and approval.



## Section 3

# FORM OF SUBMITTAL

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Proposers are requested to submit a complete proposal containing the necessary data for the evaluation of their proposals by CUC. Such information is further described in Parts A through J below.

## Part A – Threshold Requirements

**Letter of Transmittal** – A cover letter identifying the Proposer entity, contact information and affirmative statements of the following:

- The Proposer has not and will not engage in any inappropriate direct or indirect contact, discussions, or collusion with any representatives of the Cayman Islands Government, the ERA, CUC or any other Proposer.
- The Proposal is being submitted by the Due Date for Proposals and is in compliance with submittal instructions.
- The Proposer accepts the form and terms of the draft PPA as applicable and specifies any items with which it does not agree or with which it wishes to negotiate alternative provisions.
- The Proposer agrees to be bound by the terms of the Generation Licence, which the ERA will issue to the successful Proposer upon the ERA's approval of the PPA, and which shall be valid for as long as the PPA remains in effect.
- The Proposer agrees to be bound by the Regulations regarding the Competitive Solicitation Process: the Electricity Regulatory Authority Law (2005 Revision), as amended by the Electricity Regulatory Authority Law (2008) Revision; and other applicable laws of the Cayman Islands.

**Site Control** – Documentation demonstrating the ability of the Proposer to procure or obtain control of a site on which the proposed generation facility will be located, either via ownership or valid option to purchase/lease; alternatively, if the generation facility is offshore, documentation demonstrating that the Proposer (if required) has applied to use this tract of water and associated sea bed for wind power generation. Such documentation shall be for the term of the proposed PPA, and shall specify the expected date when such permission was or shall be obtained.

**Schedule and Quantity** – A statement that the quantity and timing of the wind resource are in compliance with the stated requirements of the RFP, that the proposed wind powered project is greater than 1 MW at a single location and less than 10 MW in aggregate and that the power delivery shall commence no later than January 1, 2012.

**Equipment Procurement** – Evidence of a commitment or option from major equipment suppliers to provide key components in a time frame that will support the overall Project schedule.

**Complete Information** – Documentation that addresses all information requested in this RFP and specifically described in Section 3.

**Proposal Assurance** – A letter of commitment to provide Proposal Assurance in the amount of CI\$5.00 per kW to be posted upon notification that the Proposal is short-listed.

The absence of these threshold requirements may invalidate the Proposal, and the remainder of the Proposal package may not be evaluated.

## Part B – Qualifications and Experience

In order to demonstrate qualification and experience necessary to successfully finance, construct, and operate the proposed Project, Proposers are required to provide the following information:

- Information on similar wind energy resource projects that the Proposer has completed or has under development, including:
  - Description of project
  - Project Capacity Rating (MW)
  - Annual energy output (MWh) since commissioned
  - Location of Project
  - Date Commissioned or Date to be commissioned
  - Project plant availability and description of major equipment outages
  - Name of buyer of the wind powered energy if not CUC
  - Contact information for buyer reference
- Proposer's legal name, nature of business, number of years in business and number of permanent employees.
- Identity of any and all major participants that would be involved with the management, financing, design, construction, or operation of the Project and relationships among such participants.
- Summary resumes of owners or partners of each participating company that would be involved with the Project (including members of Board of Directors, and persons holding a 10% or greater ownership interest).
- Articles of Incorporation, bylaws, shareholder agreements and operating agreements that describe the participating company's area of business.
- Description of any past, current or pending litigation concerning the management, financing, design, construction, or operation of other power supply facilities owned or operated by the Proposer.

- Annual reports and audited financial statements, if available, or other financial statements for the last three years on all major participants involved with the Project.

## Part C – Project Summary

The Project Summary shall provide a concise description of the Proposal. The summary should not exceed two pages. The summary shall include the location of the generation, technology, size, availability factor, project design, business arrangements, plant operations (e.g., monitoring, staffing, maintenance scheduling, energy forecasting), and financing sources. In addition, the summary shall include a proposed construction schedule, operational date, and required permits.

## Part D – Proposal Pricing

Pricing for wind energy delivered to CUC shall be provided on a CI\$/MWh basis in the following format:

Table 3.1  
Proposal Pricing Form

Alternative 1 (15-Year Term)		Alternative 2 (20-Year Term)	
Year <sup>[1]</sup>	CI\$/MWh	Year <sup>[1]</sup>	CI\$/MWh
1		1	
2		2	
3		3	
4		4	
5		5	
6		6	
7		7	
8		8	
9		9	
10		10	
11		11	
12		12	
13		13	
14		14	
15		15	
		16	
		17	
		18	
		19	
		20	

[1] The first year is a partial year from service commencement date through December 31. The remaining years are for the period January 1 through December 31.

In addition, the proposed methodology to be followed in determining the selling price of the project and any major terms that would apply to such an acquisition of the facilities by CUC, after at least five (5) years of operation, shall be provided.

In cases where multiple sites are proposed, CUC may wish to select output from one or a combination of sites that is less than the output from the total amount of sites

proposed. For this reason, pricing must be provided for the output from each location independently, as well as for the output from all of the sites combined.

In developing the proposal pricing, Proposers should note that the ERA has advised CUC that any equipment imported to the Cayman Islands for the Wind Energy Project, including all replacement parts for the initial PPA term (15 to 20 years), will have no import duty applied to them by the Cayman Islands Government.

## Part E – Net Energy Output and Losses

Projected average net energy output, long term average losses, and monthly net energy output shall be provided in accordance with the Tables below:

**Table 3.2**  
**Net Energy Output (MWh) [1]**

Probability of Exceedence (%)	1 Year Average	10 Year Average
99		
95		
90		
75		
50		

[1] Proposer to supply source of data.

**Table 3.3**  
**Annual Net Energy (P50) Calculation**

<b>Gross Energy (MWh/year)</b>	_____
<hr/>	
<b>Total Losses (MWh/year)</b> (e.g., Routine Maintenance, Faults, Balance of Plant, Turbine Wake/Array, Electrical Line, Blade Soiling, Weather, Controls, Turbulence, High Wind, Blade Degradation, Power Performance, and Effect of Asymmetric Uncertainties.)	_____
<hr/>	
<b>Net Energy (MWh/year)</b>	_____

Table 3.4  
 Wind Resource  
 Net Energy Output (MWh) – P-50 [1]

	On-Peak [2]	Off-Peak [3]	Total
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL			

[1] Probability of net output being higher or lower is 50%.  
 [2] On-Peak is defined as weekdays, 8:00 A.M. to midnight.  
 [3] Off-peak is defined as weekends, holidays and midnight to 8:00 A.M. weekdays.

## Part F – Description of Technology

The Proposer shall provide an overview of the proposed wind energy resource including:

- Description of wind resource modeling approach and results, including source of data, major assumptions and calculation methodologies;
- Analysis of projected gross energy production describing how energy projections in Part E were developed (see Part E, Table 3.3);
- Analysis of projected losses, uncertainties, and net energy calculations (see Part E, Table 3.3);
- The conceptual design of the facility including major components, equipment nomenclature, name of proposed manufacturers, the commercial status of the technology, and technical specifications;
- A map of the project location;
- Description of site showing boundaries and placement of major facilities; and
- Description of the proposed interconnection facilities for each point of interconnection with the CUC system.

## Part G – Permitting, Zoning, and Public Involvement

The Proposer shall describe the process for permitting, zoning, and working with the public during the development and implementation phases of the Project.

## Part H – Project Financial Data

The Proposer shall provide a description of the proposed financing arrangement for the Project including all sources of debt and equity capital, timeline for the financing, and a letter of commitment or intent from equity providers and lenders.

## Part I – Project Schedule

The Proposer shall provide a Project Schedule which will include a construction schedule for each facility from the development and permitting stages through the commercial operation date, including major milestones such as site approvals, permitting, financial closing, major equipment order, major equipment delivered, start construction, complete construction, generator interconnection, and commercial operation.

## Part J – Exceptions to the PPA

The Proposer shall provide a “black-lined” version of the PPA, included in Attachment 7, indicating any exception to the provisions of the draft PPA. Where appropriate, the Proposer may provide comments indicating the reason for the proposed change. Such exceptions shall be considered in the evaluation process.



## Section 4

# EVALUATION METHODOLOGY

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## 4.1 General

CUC will evaluate the Proposals in terms of price and non-price factors. The first stage of the evaluation process will consist of a check of each Proposal against the threshold requirements of the RFP. After the threshold requirement screening, the Proposals will be evaluated on non-price factors to determine whether there are any fatal flaws which would render the Proposal unviable from a financial or technical standpoint. Finally, the Proposals that remain after the non-price fatal flaw screening will be evaluated on a detailed price and non-price basis. The price evaluation will be based on a projection of the cost impact of each Proposal, or feasible combination of Proposals, on CUC's system power supply costs over the next 15-20 year period. The price evaluation will involve detailed planning studies to evaluate the integration of the proposed resource into CUC's Electric System. Such studies may address system operating constraints, spinning reserve requirements, power flow, and electric system stability. The non-price evaluation will involve assigning a score to each non-price criteria based on a qualitative assessment. After the detailed price and non-price evaluation, Proposers will be selected for direct negotiations. Parallel negotiations with more than one Proposer may occur. During the negotiation phase, the PPAs will be finalized and Projects will be ranked as a basis for award of contracts.

## 4.2 Threshold Requirements

The first stage of the evaluation is an initial screening to determine if the proposal contains all of the Threshold Requirements identified in Section 3, Part A. If the Proposal is determined to be incomplete, the entity will be notified and will be allowed five (5) business days to correct the deficiency. If the deficiency is not corrected within the five (5) business days, the proposal may be disqualified from further evaluation.

## 4.3 Fatal Flaw Evaluation

This stage of the evaluation is an assessment of the viability of the Proposal and the capability of the Proposer to develop the Project. During this stage, CUC will take into account "fatal flaws" (serious, not easily correctible Project or Proposal deficiencies) in deciding whether a Proposal should be eliminated from consideration. CUC may query the Proposer to determine the seriousness of such matters. For example, a Project that clearly shows that the Proposal lacks a credible financing plan or that is shown to contain a deliberate misrepresentation may be eliminated.

The following non-price criteria will be assessed in the fatal flaw screening stage:

- Experience of entity submitting Proposal and team members with similar Projects;
- Description of how the Proposer intends to develop the site;
- Technology risk of proposed wind turbine generator;
- Performance risk and guarantees, including the level of detail and uncertainty analysis for the energy production forecast in the Proposal;
- Understanding of public concerns and demonstrated ability to address issues;
- Ability to finance debt and equity portion of Project demonstrated by letters of commitment;
- Realistic Project schedule and milestones that meet CUC's needs; and
- Exceptions to the PPA.

### 4.4 Detailed Price and Non-Price Evaluation

The price related stage of this evaluation will involve preparing computer simulation models to evaluate CUC's power supply costs with and without the addition of the proposed wind powered resources. This detailed evaluation will take into account the project output profile and pricing provided by Proposer and the fuel forecast for existing generation and projected generation additions. The models will simulate the integration of the wind resource into CUC's Electric System with CUC's existing generation. To the extent it is determined that the project will impact CUC's operation, the operating characteristics and spinning reserve requirement associated with the project will also be taken into account. It is contemplated that the study period will be fifteen (15) and twenty (20) years. The assumptions used in the period over which the project will be evaluated will be subject to the need to evaluate longer term price trends, changes in environmental rules, and the limitations of forecast uncertainty. Based on the results of the detailed studies, additional cost adjustments may be made to Projects and/or additional operating constraints may be placed on proposed resources. The detailed price evaluation will result in Net Present Value ("NPV") of power production costs being calculated for each Proposal over each of the two alternative terms offered by the Proposer.

During the Detailed Price Evaluation, electric system studies will also be prepared to update the interconnection and transmission upgrade cost estimate. To the extent these studies indicate materially different costs for the interconnection and upgrades than were assumed by the Proposer, cost adjustments will be made to the Proposals. CUC will prepare cases showing projections of CUC's power production costs on a NPV basis over fifteen (15) years and twenty (20) years including power purchased costs, adjustments for additional interconnection, and upgrade costs and other costs.

The projected NPV savings of each Proposal compared to a case assuming no new wind powered resources are added, (the "Existing Arrangement") will be calculated over fifteen (15) year and twenty (20) year terms, and averaged to arrive at an average NPV savings for each Proposal.

The non-price related stage of this evaluation will involve assigning a score to each non-price criteria that were previously addressed on a pass/fail basis in the fatal flaw analysis. The scoring will be based on a more detailed qualitative assessment of these criteria.

## 4.5 Scoring Process

CUC will evaluate the Proposals submitted in accordance with the evaluation methodology described above, and the following criteria applied to the major required components of the Proposals:

- **Threshold Requirements** – Proposal must fully comply with all threshold requirements and, if not, shall be deemed non-responsive and receive no further consideration.
- **Fatal Flaw Analysis** – Proposals that are shown to contain one or more fatal flaws may be eliminated from further consideration.
- **Non-Price and Detailed Price Evaluation Factors**
  - **Non-Price Evaluation Factors** – Proposals shall receive a maximum of twenty (20) points, with subtractions from this amount based on concerns or deficiencies identified in CUC’s review of the Project Plan.
  - The non-price scoring will be as follows:

Non-Price Category		Points
1	Experience	4
2	Site Development	2
3	Technology Risk	2
4	Understanding Public Concerns	2
5	Ability to Finance	4
6	Project Schedule	2
7	Exceptions to PPA	4
Total		20

- **Detailed Price Evaluation Factors** – Proposals shall be ranked starting from the Proposal projected to have the greatest NPV savings, which will receive the maximum available points (eighty (80) points). The other Proposals with positive NPV savings shall be awarded a portion of the maximum available points based on the ratio of their NPV savings compared to the Proposal with the greatest NPV savings. Proposals with negative NPV savings will have a score of zero. Should all Proposals have negative NPV savings Proposals shall be ranked based on the negative of the inverse of the NPV savings (e.g., if NPV savings of the first proposal is negative ten (-10) million dollars and the second proposal is negative fifty

## Section 4

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(-50) million dollars the raw score for the first proposal with negative ten (-10) million dollars is

$$-\frac{1}{10} = .10 \quad \text{and,}$$

The raw score for the second proposal with NPV of -50 million is

$$-\frac{1}{50} = .02 \quad \text{and,}$$

therefore the final price score for the first proposal is

$$80 \times \frac{.10}{.10} = 80 \quad \text{and,}$$

The final price score for the second proposal is

$$80 \times \frac{.02}{.10} = 16$$

# Section 5 ATTACHMENTS

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## ATTACHMENT 1 – Notice of Intent to Propose Form

**Caribbean Utilities Company, Ltd.**

**Notice of Intent to Propose Form**

**Due: Thursday July 23, 2009**

Date: \_\_\_\_\_

Company Name: \_\_\_\_\_

Name of Contact Person: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_  
\_\_\_\_\_

Number of Proposed Project Sites: \_\_\_\_\_

Number of Interconnection Points: \_\_\_\_\_

Aggregate Capacity: \_\_\_\_\_  
\_\_\_\_\_

Bidder Qualifications: Describe similar power supply services provided by stating: capacity, location, contract commencement date, contract term, etc.

*(Attach additional sheets as needed)*

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**Caribbean Utilities Company, Ltd.**

**Notice of Intent to Propose Form**

**Thursday July 23, 2009**

Is there any information on this form considered to be confidential or proprietary?  
*(Please Describe).*

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Proposer's Signature:

\_\_\_\_\_ (Duly Authorized)

## ATTACHMENT 2 – Wind Resource Study Report and Raw Data

Please access the FTP site to download this attachment

### ATTACHMENT 3 – CUC’s Current Generating Resources

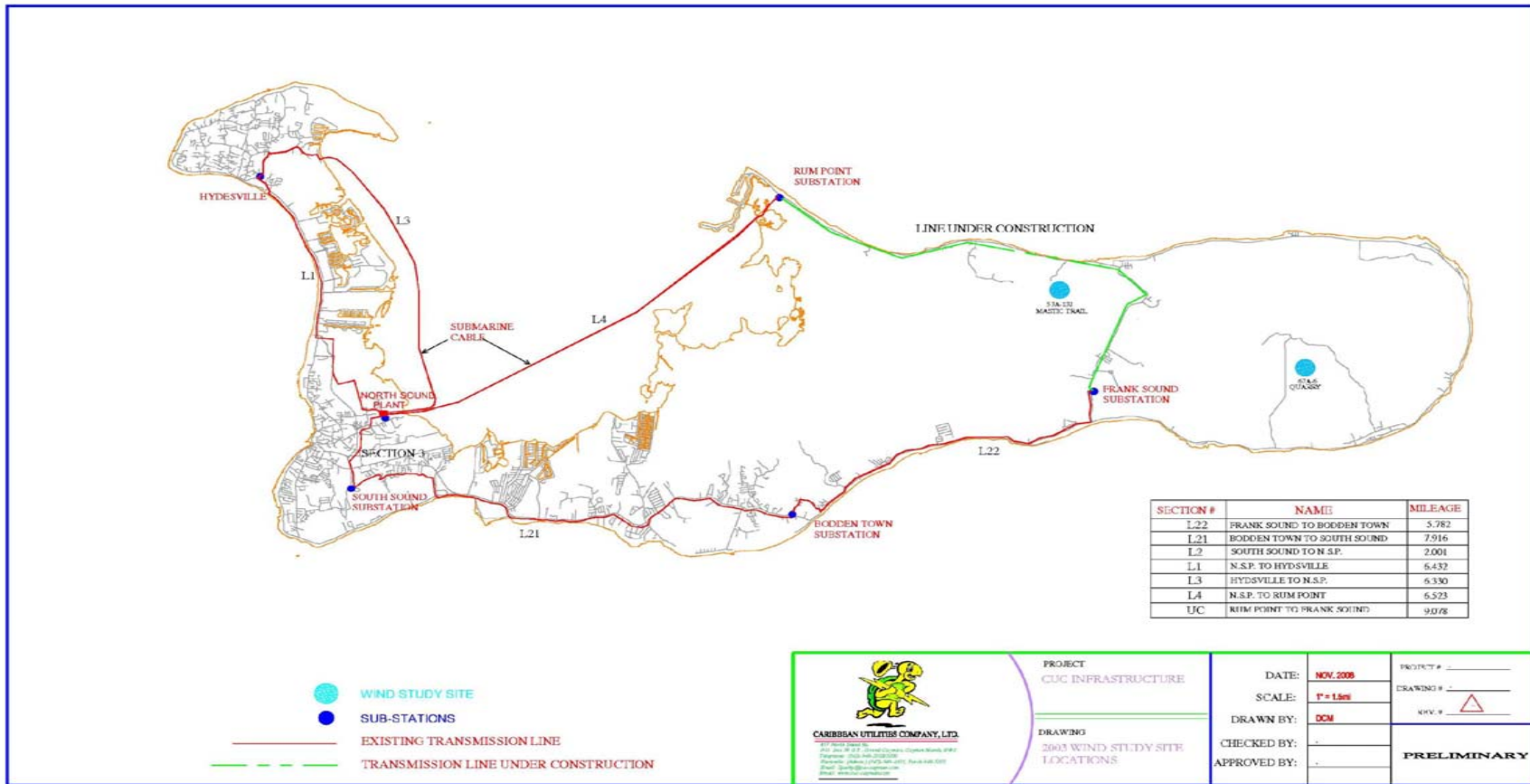
Unit #	Manufacturer	Engine Type	Capacity (MW)
1	MAK	Reciprocating	9.0
2	MAK	Reciprocating	9.0
3	Caterpillar	Reciprocating	4.4
4	Caterpillar	Reciprocating	4.4
14	Stork	Reciprocating	10.3
15	Stork	Reciprocating	10.3
16	Mirrlees	Reciprocating	7.6
17	Mirrlees	Reciprocating	7.6
19	Caterpillar	Reciprocating	4.0
20	Caterpillar	Reciprocating	4.0
21	Caterpillar	Reciprocating	1.4
25	Caterpillar (Solar)	Combustion Turbine	3.5
26	MAN	Combustion Turbine	8.4
32*	MAN	Combustion Turbine	16.0
33	MAN	Reciprocating	16.0
34	MAN	Reciprocating	12.25
35	MAN	Reciprocating	12.25
36	MAN	Reciprocating	12.25

\* Scheduled for commencement of service on August 31, 2009

## ATTACHMENT 4 – Electric Transmission System One-Line Diagram

Please access the FTP site for to download this attachment

# ATTACHMENT 5 – Transmission System and Location of Wind Test Sites



## ATTACHMENT 6 – Draft T & D Code

The draft T&D Code will be issued to Proposers as an addendum.

## **ATTACHMENT 7 – Draft Power Purchase Agreement**

The draft Power Purchase Agreement will be issued to Proposers as an addendum.