REQUEST FOR PROPOSALS

for

Supply of Electricity from Renewable Energy Based Power Generation Facilities on a Build, Own and Operate (BOO) Basis

March 25, 2008
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1. INVITATION TO APPLICANTS

Jamaica is an energy-intensive economy and imported crude oil and petroleum products now account for over 90% of commercial energy usage in the country. As part of a policy for energy diversification, the Government of Jamaica (GOJ) is pursuing the addition of Renewable Energy-Based Power Generation Facilities to reduce the Country’s dependence on imported petroleum.

The objective is to increase the percentage of energy supplied to the Grid from renewable energy sources from the current level of 5.5% to 10% by 2010 and 15.0% by 2015. This translates into the requirement for an additional 640,000 MWh per year from renewable energy sources.

The Jamaica Public Service Company Limited (JPS), which is a vertically integrated electric utility, is the sole retailer of electric power in Jamaica serving 570,000 customers and operating under the All-Island Electric Licence granted in 2001. The utility is currently owned by Marubeni Caribbean Holdings Inc. (80%) and the Government of Jamaica (20%). Total installed generating capacity is 870 MW of which approximately 640 MW is owned by JPS and the remaining 230 MW by Independent Power Producers (IPPs).

Under the existing Licence granted to JPS, effective 2004, new generating capacity is to be provided on a competitive basis with JPS, existing and new IPPs having the opportunity to provide such additional capacity.

The Office of Utilities Regulation (OUR), which is responsible for the regulation of utilities in Jamaica wishes to arrange for the contracting of electricity energy to the Grid which is owned and operated by JPS, from Renewable Energy Based Power Generation Facilities on a Build, Own and Operate (BOO) basis.

The OUR has the responsibility for overseeing the procurement process but the resulting contract for the purchase and sale of energy under a Power Purchase Agreement will be with JPS, however, the conditions will be subject to the approval of the OUR. The successful Applicant will also require a Licence to sell power to JPS which will be issued by the Minister with responsibility for energy on the recommendation of the OUR.

The OUR now invites applications from interested entities to submit proposals as potential renewable energy providers for the supply of electricity to the national electric grid for an initial period of twenty (20) years.
Proposals may be submitted in any category of renewable energy generation including Hydro, Wind, Bio-mass and Solar, however, the single plant size must be one (1) MW capacity or greater. The aggregate of the mix of plant capacities will be limited to the specified required additional MWh from renewable energy sources indicated above.

Interested Applicants are required to follow the instructions contained herein.

Proposals should be submitted in accordance with this document. Applicants are invited to bid competitively for the provision of “as available energy only” or “energy and firm capacity” from a local renewable source. All submissions will be evaluated in accordance with the criteria specified.

Requests for additional information, including information on the existing JPS and IPP owned generating facilities and operations, and/or questions concerning the tender exercise, may be submitted in writing to:

Office of Utilities Regulation  
Third Floor, PCJ Resource Centre  
36 Trafalgar Road  
Kingston 10  
Jamaica, W.I.  
Attention: Mr. Richard Brown

Telephone: (876) 968 6053  
Facsimile: (876) 929 3635  
E-mail: rbrown@our.org.jm

Bids must be marked “Proposal for Provision of Renewable Energy Based Power Generation Facilities on a Build Own and Operate Basis” and deposited in the Tender Box provided at the address below by 3:00 pm on Thursday June 12, 2008.

Office of Utilities Regulation  
Third Floor, PCJ Resource Centre  
36 Trafalgar Road  
Kingston 10  
Jamaica, W.I.
Bids must be accompanied by a non-refundable processing fee of Five Hundred United States Dollars (US$500.00), along with the required Proposal Security. Electronic bidding will not be permitted and late bids will be rejected. A soft copy of the Proposal is to be provided.

Bidders are invited to witness the opening of the bids at the address above at 3:15 p.m. on June 12, 2008.

Thank you for your interest and we look forward to receiving your Proposal.

Yours sincerely,

Richard Brown
Chief, Electricity Regulation
OFFICE OF UTILITIES REGULATION
2. INFORMATION FOR APPLICANTS

2.1. DEFINITIONS

The following terms will have the meanings defined herein:

<table>
<thead>
<tr>
<th>Item</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicants</td>
<td>The qualified firms which submit Proposals to develop the Project.</td>
</tr>
<tr>
<td>Government</td>
<td>Government of Jamaica</td>
</tr>
<tr>
<td>Jamaica Public Service Company</td>
<td>A privately owned vertically integrated electric utility and the sole retailer of electric power in Jamaica operating under the All-Island Electric Licence granted in 2001.</td>
</tr>
<tr>
<td>Minister</td>
<td>Minister with responsibility for energy</td>
</tr>
<tr>
<td>Ministry</td>
<td>Ministry with responsibility for energy</td>
</tr>
<tr>
<td>Office of Utilities Regulation</td>
<td>Jamaican statutory entity responsible for regulating utilities including entities involved in power generation, transmission and distribution on a commercial basis.</td>
</tr>
<tr>
<td>Project</td>
<td>The design, financing, construction, ownership, operation and maintenance of the Project Facilities and all activities incidental thereto.</td>
</tr>
<tr>
<td>Project Agreements</td>
<td>Collectively, the Power Purchase Agreement and all other related agreements necessary for development and operation of the Project.</td>
</tr>
<tr>
<td>Project Company</td>
<td>The company established by the Project Sponsor and duly incorporated under the laws of Jamaica which will build, own and operate the Project.</td>
</tr>
<tr>
<td>Project Sponsor</td>
<td>The Applicant that has been evaluated and ranked the highest in accordance with the RFP evaluation criteria and that has executed the Project Agreements.</td>
</tr>
<tr>
<td>Proposal</td>
<td>The Applicant's written offer based on the covenants, terms and conditions as contained in the RFP for the building, owning and operating of the Project.</td>
</tr>
<tr>
<td><strong>Renewable Energy Source</strong></td>
<td>Indigenous replenishable energy source including hydro, wind, biomass, solar and other similar sources.</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>RFP</strong></td>
<td>Collectively, all the covenants, terms and conditions contained in the following sections and appendices. The sections and appendices together shall form the basis for the preparation of the Applicant's Proposal and for evaluation and selection of a Project Sponsor.</td>
</tr>
<tr>
<td><strong>Site</strong></td>
<td>The land and other places to be used by the Project Company for the construction, operation and maintenance of the Project.</td>
</tr>
<tr>
<td><strong>Licence</strong></td>
<td>Granted by the Minister of Government for Energy under the Electric Lighting Act to authorize the power provider to connect and supply electricity to the public grid.</td>
</tr>
</tbody>
</table>
2.2. BACKGROUND

Imported crude oil and petroleum account for over 90% of Jamaica’s commercial energy needs. The major consumption sectors are bauxite/alumina production (36%); power generation (24%) and transport (22%). As a result of the dependence on imported oil, Jamaica’s energy cost is greatly influenced by external prices. This is reflected in the movement of the oil import bill from US$316 M in 1998 to US$1.6 billion in 2006.

The public electricity supply sector is 94.5% dependent on imported oil for power generation, with the remaining 5.5% coming from hydropower and wind. The average cost of electricity to consumers is currently about US$0.265 / kWh up from US$0.135 per kWh in 1998.

Jamaica Public Service Company Limited (JPS) is Jamaica’s sole electric utility, serving the population of 2.7 million. The utility is currently owned by Marubeni Caribbean Power Holdings Inc. (80%) and the Government of Jamaica (20%). The total installed generating capacity is over 870 MW of which 230 MW is owned by Independent Power Producers.

A significant number of the existing generating units have exceeded the normally expected economic lives and are expected to be retired within the next few years. With peak demand being 630 MW and projected to increase at over 4% per year, it is expected that an additional 320 MW of new generating capacity to meet the load growth will be required over the next decade. Annual net electricity generation is currently at 4,046.4 GWh and this is expected to increase to 6,233.2 GWh by 2015.

The Government of Jamaica (GOJ) current objective is to achieve 15% of net generation of electricity from indigenous renewable energy sources by 2015. This translates into additional annual net generation required from renewable energy of approximately 640,000 MWh.

The GOJ policy also allows for the payment of a premium of 15% above the current “Avoided Generation Cost” for the procurement of electrical energy from renewable sources. The latest available avoided costs for power generation published by the OUR are available on its website. However, these are currently being updated in light of recent changes in key inputs, including the cost of fuel and generating equipment.
Total power generated from renewable sources in 2006 amounted to 229.2 GWh. Of this 169.6 GWh were produced from eight (8) small hydropower plants with a total installed capacity of 24 MW. The remaining 59.6 GWh were produced by a wind farm with 20 MW of installed capacity.

There is potential for the development of additional renewable energy sources in Jamaica, mainly in the areas of wind, hydro, biomass and solar. Other renewable energy sources may also be a consideration.

The OUR now invites applications from interested entities to submit proposals as potential renewable energy providers for the supply of electricity to the national electric grid for an initial period of twenty (20) years.
Sources for additional information that may be useful to Applicants are listed in Appendix C.

2.3. JAMAICA ENERGY SECTOR POLICY

The current draft of the Energy Policy of Jamaica is included on the GOJ (Ministry of Energy, Mining and Telecommunication) website.

2.4. LEGAL AND REGULATORY FRAMEWORK FOR THE POWER SECTOR

The legal and regulatory framework governing the Jamaican Power Sector is encapsulated in the following:

- The OUR Act
- The JPS Licence and any agreed amendments
- OUR’s Regulatory Policy on the addition of new generating capacity

These documents are available for viewing and may be down-loaded from the OUR website.
2.5. PRIVATE SECTOR PARTICIPATION IN THE POWER SECTOR

The GOJ actively promotes private sector investment in the production and delivery of energy resources. At present 80% of the shares of JPS are owned by a private firm. Other private firms selling power to JPS on a BOOT basis include:

- Jamaica Private Power Company Limited (JPPC) - 60 MW low speed diesel plant
- Jamaica Energy Partners (JEP) – 124 MW medium speed diesel plant
- Wigton – 20 MW wind farm
- JAMALCO -11 MW
- Jamaica Broilers – 2 MW

2.6. DEMAND PROFILE

Electricity consumption in Jamaica has two distinct characteristics. These characteristics are dictated by the pattern of daily economic and domestic activities.

The overall system demand for any one day is a combination of simultaneous demand from all customer categories. However, the consumption patterns of commercial and industrial customers and residential customers are directly responsible for the specific consumption characteristics experienced.

The first characteristic is typical of a weekday situation and has two well-defined peaks:

- A DAY PEAK occurs between 11:00 a.m. and 3:30 p.m. This is a result of load contribution predominantly from the commercial and industrial sector.

- An EVENING PEAK occurs between 6:00 p.m. and 8:30 p.m. This peak can be largely attributed to a significant increase in domestic activities around this period.

The second characteristic is typical of a weekend and differs from the first characteristic in that there is reduced commercial and industrial activity. Thus, this characteristic has only an evening peak, again determined by the residential...
consumption pattern. Furthermore, there is an overall drop in the total level of consumption due to the reduction in commercial and industrial energy demand.

2.7. **GENERATION EXPANSION PLANS**

The OUR has determined that the Least Cost Expansion Plan (LCEP) for the Electricity Sector should be updated annually and be available by June of each year. However, due to the past uncertainties surrounding the fuel of choice (LNG or coal) for major generation in the future, an LCEP could not be developed and therefore, the OUR prepared a document entitled “Evaluation of Generation Expansion Options and Tariff Impact Assessment Study” – dated July 2007, which is available on the OUR Website. The document provides details of the following:

- Forecast of demand for the next 20 years;
- Description of existing generation facilities on the grid including plants owned by JPS and plants owned by Independent Power Producers;
- An evaluation of options for new base load plant over the medium to long term;
- Recommended generation expansion plan for different scenarios relating to fuel price, capital costs and other key input variables.

It should be noted that fuel costs and plant installation costs have significantly increased since the study. However, much of the information remains relevant.

2.8. **NON-GUARANTEE OF DATA ACCURACY**

All information and data provided by the OUR with this RFP are furnished solely for the convenience of the applicant and are not intended as representations or warranties. Neither the OUR or its consultants shall be responsible for the accuracy or completeness of such information, investigations, records or interpretations. The applicant shall be responsible for his own investigation to establish sufficient and accurate information in support of his proposal. The applicant assumes all risks associated with the project, and no adjustments will be provided or made based on the applicant's interpretation of the information provided.
2.9. PROCUREMENT PROCESS
The process for procurement of the additional renewable energy based power generation facilities including selection of investors for negotiations will proceed as follows:

1. The OUR will select Applicants on the basis of the procedures set forth herein. Those Applicants who submit completed Proposals will be evaluated in accordance with the Evaluation Criteria outlined in the document.

2. Bids will be classified into “As Available Energy Only” or “Energy and Firm Capacity”.

3. An evaluation of responses to this RFP will be carried out, and the potential investors submitting the best proposals (the Highest Ranked Applicants) will be selected.

4. Based on the rankings, OUR may also select standby investors.

5. The Highest Ranked Applicants will be invited to negotiate agreements for the provision of the new facilities.

6. Single or multiple awards will be made, up to a limit which is determined by the energy procurement target of 640,000 MWh per year from renewable energy sources.

The OUR shall not be bound to grant an exclusive right to negotiate to any potential investor. Negotiations will be opened with the Highest Ranked Applicant, but in the event that the OUR acting in its sole discretion determines that it will not be possible to conclude negotiations with an Applicant, it reserves the right to terminate negotiations with that Applicant at any time and to begin negotiations with a standby Applicant.

2.10. PROPOSALS SUBMITTED BY JPS

Applicants should note that Jamaica Public Service Company Limited (JPS) under provisions contained in its Licence, may submit Proposals in response to this RFP in competition with other Applicants, which will be evaluated by the
OUR in accordance with the Proposal evaluation procedures set out in this document.

2.11. PROJECT SCHEDULE

The proposed timetable is as follows:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>COMPLETION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Submission of Proposals by Qualified Applicants</td>
<td>- June 12, 2008</td>
</tr>
<tr>
<td>2. Evaluation of Proposals and approval of recommendations</td>
<td>- July 30, 2008</td>
</tr>
<tr>
<td>3. Commencement of negotiation of Project Agreements</td>
<td>- August 18, 2008</td>
</tr>
</tbody>
</table>
3. INSTRUCTIONS TO APPLICANTS

3.1. GENERAL

3.1.1. Description of Application Process

(a) All information requested of the Applicant shall be provided.

(b) Answers must be provided to all Annexes. If necessary, additional sheets may be attached.

(c) Each sheet should be signed by a person or persons duly authorized to sign on behalf of the Applicant and any associated individuals or companies. Such authorization shall be indicated by one or more written powers-of-attorney.

(d) The OUR will not enter into any communications with Applicants except to provide clarification, when necessary. At its sole discretion, OUR will respond in writing to any reasonable requests for clarification which are submitted in writing. All clarifications will be circulated to all other recipients of the prequalification documentation.

(e) All documents submitted by the Applicants will be treated as confidential and will not be returned.

3.1.2. Cost of Preparing Proposal

The Applicant shall bear all costs associated with the preparation and submission of their Proposals and the finalization and execution of the agreements comprising the Security Package. The OUR will in no instance be responsible or liable for these costs, regardless of the conduct or outcome of the RFP process.

3.1.3. Sites and Site Visits

The Applicant shall be responsible for all matters relating to siting for their proposed facilities. The Applicant is advised to thoroughly investigate the
proposed sites and surrounding areas, and obtain or verify all information it deems necessary for the preparation of his Proposal.

The Applicant should consult with the relevant government agencies and owners of the proposed sites in order to get all necessary approvals and agreements required for implementation of the proposed project.

Failure to fully investigate the site shall not be grounds for the Applicant to subsequently alter his bid or the agreements comprising the Security Package, nor shall it be the basis for any claim of Force Majeure.

3.2. REQUEST FOR PROPOSAL

3.2.1. Clarifications

The OUR will respond in writing to any request for clarification which it receives not later than four (4) weeks before the deadline for submission of Proposals. Any Applicant requiring clarification of the RFP may notify the OUR in writing at the address listed below:

Office of Utilities Regulation
3rd Floor, PCJ Resource Centre
36 Trafalgar Road
Kingston 10
Jamaica, W.I.
Attention: Mr. Richard Brown

Telephone: (876) 968 6053
Facsimile: (876) 929 3635
E-mail: rbrown@our.org.jm

A reply in the form of a circular letter or Addendum will be distributed to all Applicants to whom the RFP has been issued.

3.2.2. Amendments

At any time prior to the date of opening of Proposals, OUR may issue an Addendum which may delete, modify, or extend any part of the RFP. The receipt
of an Addendum by the Applicant shall be acknowledged promptly in writing by facsimile or telex and so noted in the Applicant's Proposal. The Applicant's late receipt of any Addendum or failure to acknowledge the receipt of any Addendum shall not relieve the Applicant of being bound by such Addendum.

Unless the clarification or amendment to the RFP is in the formal manner described above, no representation or explanation to Applicants shall be considered valid or binding on the OUR as to the meaning of the RFP or as to the Project. Applicants are cautioned that no employee of the OUR or consultant to the OUR is authorized to explain or interpret the RFP, and that any interpretation or explanation, if not given in writing by the OUR, must not be relied upon.

In order to afford Applicants reasonable time in which to take a clarification or amendment into account in preparing their Proposals, the OUR may, at its discretion, extend the deadline for the submission of Proposals.

**3.3. PREPARATION OF PROPOSAL**

**3.3.1. Language of Proposal**

The Proposal and all related correspondence and documents shall be written in the English language. Supporting documents and printed literature furnished by the Applicant with the Proposal may be in any other language provided they are accompanied by an appropriate translation of pertinent passages in the English language. Supporting materials which are not translated may not be considered. For the purpose of interpretation and evaluation of the Proposal, the English language translation shall prevail.
3.3.2. Proposal Structure and Contents

Applicants are required to use the prescribed forms as contained in Appendix A. Applicants are also required to return the Receipt at Appendix B to confirm their intention to submit a Proposal. The required information includes the following:

Exhibit 1    Proposal Letter (Attachment – Proposal Security)
Exhibit 2    Affidavit
Exhibit 3    Applicant's Organization
Exhibit 4    Information to be furnished by corporations
Exhibit 5    Information to be furnished by unincorporated association
Exhibit 6    Detailed Information to be furnished by Applicant:
              Annex A    Articles of Incorporation, etc.
              Annex B    Certificates of Registration
              Annex C    Curriculum Vitae of Key Personnel
              Annex D    Technical Capabilities
              Annex E    Experience
              Annex F    Audited Financial Statements
Exhibit 7    Project Description, Data and Feasibility Report
Exhibit 8    Special Requirements
Exhibit 9    Calculation of Proposed Tariff
Exhibit 10   Cost Data in Support of Tariff
Exhibit 11   Financial Data in Support of Tariff
Exhibit 12   Breakdown of Construction Costs
Exhibit 13   Additional Supporting Data
Exhibit 14   Performance Specifications and Drawings
Exhibit 15   Proposed Project Schedule
For the purpose of determining the experience and technical capability of an unincorporated association, the experience and technical capability of each member shall be combined for evaluation.

For determining the combined financial capability of an unincorporated association, each member shall complete and submit “Annex F of Exhibit 5 – Audited Financial Statements” for evaluation.

The Applicant must submit a substantially responsive Proposal i.e. one which conforms to all terms, conditions and specifications of the RFP without material deviation or reservation. Failure to comply with this instruction will result in disqualification of the Applicant.

Where applicable, the Applicant must prepare the Proposal by filling in the blank spaces and submitting the documents specified above. A proposal that is illegible or contains omissions, erasures, alterations, additions, items not called for, or irregularities may be rejected, except for those necessary to correct errors made by the Applicant, in which case such corrections shall be initialed by the person or persons signing the Proposal.

3.3.3. Proposal Letter and Proposal Security

The Applicant shall complete the Proposal Letter and provide the necessary Power of Attorney as required. The Applicant shall also provide the Proposal Security in the form indicated.

3.3.4. Description of Project and Technical Feasibility Report

Applicant shall provide a Project Feasibility Report which includes as applicable, the following:

- Technology to be used;
- Expected plant output capacity;
- Output voltage and transformer specifications;
- Site civil works;
• Mechanical / Electrical equipment;
• SCADA interface facilities;
• Telecommunication and control systems;
• Site location and access;
• Results of any site subsurface investigations confirming suitability;
• Expected site conditions / meteorological data to support project feasibility;
• Expected plant output profile based on resource availability.

3.3.5. Special Requirements

LOGISTICS

The Project Sponsor shall be responsible for all material and equipment shipments into Jamaica for the Project. The Applicant shall identify and verify the sufficiency of port facilities, transportation networks, customs requirements, taxes, duties, fees and visa requirements as required to implement the Project.

LABOR

The Project Sponsor shall be responsible for all matters relating to use of local labor and shall recognize the rights of local labor including the right to form or belong to trade unions.

SITE UTILITIES

The Project Sponsor shall, at its own expense, arrange for, develop and maintain utilities at the site to execute the Project, including but not limited to:

• Potable Water;
• Sanitary and Sewer Facilities;
• Telephone;
• Construction Power
RESOURCE AND OTHER INPUTS

The Project Company shall make its own arrangements for the procurement of all inputs required for completion and operation of the Project. This includes access to the necessary resource.

ENVIRONMENTAL AND STATUTORY REQUIREMENTS

Applicants are required to submit an initial environmental impact report indicating expected impacts on the physical, ecological and socioeconomic environments. The Project Sponsor shall ensure that the Project satisfies all applicable environmental and statutory requirements and will be required to provide a full Environmental Impact Assessment Report prior to commencement of construction.

PROJECT MILESTONE SCHEDULE

The Project Company shall commence construction of the Project promptly on the date agreed with the OUR and shall complete construction in accordance with the specified deadline.

3.3.6. Proposed Tariff

The Applicant shall submit its proposed Tariff in accordance with Exhibit 9. Additional backup sheets and calculations may be submitted as necessary to explain the Applicant’s Tariff.

Unless stated otherwise in the RFP, the Proposal shall be for the whole Project as proposed, based on the Tariff and Cost Data submitted by Applicant.

The Tariff and Cost Data shall be for the execution and completion of the Project as defined in the Proposal. All items to be entered in the Tariff and Cost Data shall be typed or written in ink.

For calculating the Fixed and Variable Charges the Applicant shall follow the instructions herein along with Exhibit 9.

The Applicant shall calculate its Tariff on the following parameters and data contained herein:
• Interest during construction should be included in accordance with the construction schedule.

• Energy sold to be based on plant capacity and expected availability. For tariff calculation purposes only, it should be assumed that the plant will be dispatched at available capacity at all times.

• All of the Project Company's fixed costs will be compensated through the Fixed Charge which will take into account plant availability and Dependable Capacity. Fixed Charges will only be paid if firm capacity is proposed. To the extent that firm capacity is proposed and not available when required, appropriate liquidated damages will apply.

• The Variable Charge should be broken down into the following components:
  o Resource Cost at plant gate
  o Variable O&M

• The components of the Tariff that may be indexed after commencement of operation are listed in Exhibit 9. The base for these will be the cost data to be provided by the Applicant in the Proposal and should be as of 30 days prior to the deadline for submission of Proposals. The Tariff should therefore be based on cost data as of 30 days prior to the bid submission deadline.

• All assumptions regarding the costs of variables which will impact the Tariff are to be clearly stated.

• Expected costs associated with accessing the Site should be included.

• The Applicant shall comply with the customs duties, import controls and tax requirements and include these in the cost estimates.

• The Tariff and all associated costs shall be quoted by Applicants in U.S. Dollars. However, all payments will be made in equivalent Jamaican Dollars.
3.3.7. Supporting Cost Data

The Applicant is required to provide the Cost Data requested as per Exhibit 10 in support of its Tariff calculations.

3.3.8. Financial Data

Applicant is required to provide the financial information as per Exhibit 11 in support of its Tariff calculations.

3.3.9. Breakdown of Construction Costs

Applicant is required to submit a detailed breakdown of capital costs as per Exhibit 12.

3.3.10. Technical Specifications and Data

Applicant shall submit its proposed technical design which would allow the facilities to meet the proposed Minimum Functional Specifications to be included in the PPA. The critical elements to be addressed in the proposed Minimum Functional Specifications include:

- Expected Net Plant Output Profile with details of expected variations on a daily, weekly, monthly and annual basis as appropriate
- Design for proposed Generating Units and associated equipment
- Compliance with relevant environmental and statutory requirements
- Plant must be able to operate on the JPS network in parallel with other generating units
- Plant must be able to startup and operate independently
- Plant rated output must be 50 Hz, 3 Phase and 0.80 power factor
• High voltage is expected to be based on an acceptable entry point on the JPS Grid

• Vibrations, noise and emissions shall be at acceptable levels and comply with existing regulatory requirements

• Fault levels must be acceptable based on entry point on the JPS Grid

• All utility requirements for interconnection with JPS Grid must be complied with, including those relating to supply of reactive power.

3.3.11. Additional Supporting Data

The Proposal shall address the specific items requested in Exhibit 14, entitled “Additional Supporting Data”.

3.3.12. Performance Specifications and Drawings

Detailed specifications and necessary drawings must be provided as per Exhibit 15.

3.3.13. Construction Schedule

The Proposal shall contain the Applicant’s detailed schedule for the construction phase of the project as per Exhibit 16.

3.3.14. Proposal Validity

All Proposals shall remain valid for a period of one (1) year from the due date for submission of Proposals. Any Proposal offering less than the stipulated Proposal validity of one (1) year may be rejected.

Prior to expiry of the original Proposal validity period, the OUR may request one or more of the Applicants for a specified extension in the period of validity. The request and the responses thereto shall be made in writing. An Applicant may refuse the request without forfeiting its Proposal Security. An Applicant agreeing to the request will not be required nor permitted to modify its Proposal, but will be required to extend the validity of its Proposal accordingly. The provisions of
Instructions to Applicants, regarding discharge and forfeiture of Proposal Security shall continue to apply during the extended period of Proposal validity.

3.3.15. Proposal Security

Each Applicant shall furnish, as part of its Proposal, a Proposal Security in the amount of 1% of the expected total capital cost of the proposed project.

The Proposal Security shall, at Applicant's option, be in the form of a certified check, or an unconditional letter of credit from a reputable bank.

The letter of credit shall be in the form contained in Exhibit 1, Attachment 1, entitled "Form of Proposal Security" or another form acceptable to the OUR.

The Proposal Security shall be valid for one (1) year from the deadline for submission of Proposals.

Any Proposal not accompanied by a Proposal Security acceptable to the OUR may be rejected.

The Proposal Security shall be forfeited without any notice, demand, or other legal process:

- If an Applicant withdraws its Proposal during the period of Proposal validity; or

- If an Applicant's proposal contains any false statements or material misrepresentations; or

- In the case of a successful Applicant, if it fails within the specified time limits to:
  
  1. Execute the Project Agreements, or
  2. Furnish the required Performance Security.
The Proposal Security shall be returned to unsuccessful Applicants prior to the expiration of the Proposal validity or if they withdraw their Proposals before the deadline for submission of proposals. If any Applicant's Proposal is determined to be non-responsive to the RFP requirements, the Proposal Security will also be returned.

After the highest ranked Applicants have been selected and have extended the validity of their Proposals, if necessary, the Proposal Security of all other unsuccessful Applicants will be returned. The Proposal Security of the remaining unsuccessful Applicants will be returned upon the expiration date of their Proposals or the execution of the Project Agreements by the successful Applicant and furnishing of the Performance Security by that Applicant, whichever is earlier. The Proposal Security of the successful Applicant will be returned when that Applicant has executed the Project Agreements and has furnished the required performance security.

3.3.16. Variations in Proposal Conditions

Each Applicant shall submit a Base Proposal which complies fully with the requirements of the RFP.

Applicants wishing to qualify their Proposals or otherwise to deviate from the requirements of the RFP on items of a technical and financial/administrative nature shall present such qualifications or deviations in the form of an alternative proposal to the basic RFP requirements.

The attention of Applicants is drawn to the provisions regarding the rejection of Proposals which are not substantially responsive to the requirements of the RFP. The alternative proposal must meet the critical technical requirements identified in Instructions to Applicants, but it may otherwise include deviations from any of the other requirements of the RFP, except for the deadlines and the security provisions. The Applicants alternative proposal shall be accompanied by tariff, cost data and all other information required in the RFP, indicating the cost implications as required in the RFP.

The Applicant shall be deemed to have concurred with and accepted all information provided herein as being sufficient for completion of the Project and to ensure reliable and safe operation of the executed works.
3.3.17. Pre-Bid Meeting

If the OUR determines that a Pre-Bid Meeting is necessary, it will notify the Applicants by a separate letter of the time, date and location.

The purpose of the Pre-Bid Meeting will be to answer any questions Applicants may have submitted concerning the RFP and the selection process. Applicants are therefore requested to submit any questions in writing to the OUR not later than one (4) weeks before the Bid Submission Date. Based on the questions submitted, the OUR will, in its sole discretion, determine if it will hold a Pre-Bid Meeting.

Any additional Project information or modifications of the RFP will be made available by the OUR exclusively through the issuance of an Addendum to the RFP.

3.3.18. Signature of Proposal

Applicant shall prepare one original and five (5) copies of the documents comprising the Proposal and any alternative proposal as described in Instructions to Applicants. One original of the completed Proposal is to be clearly marked "ORIGINAL OF PROPOSAL," and all other completed copies are to be clearly marked "COPY OF PROPOSAL." An Applicant submitting an alternative proposal must also clearly identify the proposals as "Base" and "Alternate." In the event of any discrepancy between the original and any copy, the original shall prevail.

If the Proposal consists of more than one volume, Applicant must clearly number the volumes constituting the Proposal and provide an indexed table of contents for each volume.

The Proposal shall be typed or written in indelible ink and shall be signed by a person or persons duly authorized to bind Applicant to the Proposal. Proof of authorization shall be furnished in the form of a written Power-of-Attorney which shall be attached to the Proposal Letter. All pages of the Proposal where entries or amendments have been made shall be initialed by the person or persons signing the Proposal.
The complete Proposal shall be without alterations except as necessary to accord with instructions issued by OUR or to correct errors made by Applicant. All such corrections shall be initialed by the person or persons signing the Proposal.

Applicants may form a joint venture for the purpose of submitting a Proposal and shall comply with the following requirements:

1. One of the partners shall be nominated as the managing partner; and this authorization shall be evidenced by submitting a power of attorney signed by legally authorized signatories of all the partners;

2. The managing partner shall be authorized to incur liabilities and receive instructions for and on behalf of any and all partners of the joint venture, and he shall be authorized to execute the Project Agreements on behalf of the Project Company;

3. All partners of the joint venture shall be liable jointly and severally responsible for the actions of the Project Company and the managing partner, and a relevant statement to this effect shall be included in the authorization mentioned under (2) above as well as in the Proposal Letter; and

4. A copy of the agreement entered into by the joint venture partners shall be submitted with the Proposal.

No partner may participate in the submission of more than one Proposal except an Alternate Proposal.

3.4. SUBMISSION OF PROPOSAL

3.4.1. Sealing and Marking

The Applicant shall submit one (1) Original and five (5) Copies of the Applicant's Proposal in sealed envelopes or boxes pursuant to the deadline specified below. The envelopes containing the Proposals must be addressed to the OUR as follows:
Office of Utilities Regulation
Third Floor, PCJ Resource Centre
36 Trafalgar Road
Kingston 10
Jamaica, W.I.

Below the above address the following must be written in bold letters:

“PROPOSAL TO BUILD OWN AND OPERATE RENEWABLE ENERGY POWER GENERATION PROJECT IN JAMAICA”

“SEALED BID – DO NOT OPEN PRIOR TO 3:00 P.M. ON JUNE 12, 2008”

If the cover envelope or box is not sealed and marked as instructed, the OUR will assume no responsibility for the misplacement or premature opening of the Proposal submitted.

3.4.2. Deadline for Submission of Proposal

Bids marked as specified above shall be deposited in the Tender Box provided at the address below by **3:00 p.m. on June 12, 2008.**

Office of Utilities Regulation
Third Floor, PCJ Resource Centre
36 Trafalgar Road
Kingston 10
Jamaica, W.I.

**Bids must be accompanied by a non-refundable processing fee of Five Hundred United States Dollars (US$500.00) and the required Proposal Security.**

Electronic bidding will not be permitted and late bids will be rejected. A soft copy of the Proposal is to be provided.

Bidders are invited to witness the opening of the bids at the address above at 3:15 pm on June 12, 2008.
The OUR may at its sole discretion, extend the deadline for submission of Proposals by issuing an addendum in accordance with Instructions to Applicants, after which all rights and obligations of the OUR and Applicant shall be subject to the new deadline.

3.4.3. Treatment of Late Proposals

It is the sole responsibility of the Applicant to see that its Proposal is received by the date and time specified above. Proposals which are received after the deadline will not be considered and the Applicant will be so notified. The Bid will be returned to the Applicant unopened.

3.4.4. Modifications andWithdrawals

Applicant may modify or withdraw its Proposal after Proposal submission, provided that the modification or notice of withdrawal is received in writing by the OUR prior to the prescribed deadline for submission of Proposals.

Applicant's modification or notice of withdrawal shall be prepared, sealed, marked and delivered in accordance with the provisions of Instructions to Applicants for the submission of Proposals, with envelopes additionally marked "MODIFICATION" or "WITHDRAWAL" as appropriate.

Subject to Instructions to Applicants, no Proposal may be modified subsequent to the deadline for submission of Proposals.

Withdrawal of a Proposal during the interval between the deadline for submission of Proposals and the expiration of the period of Proposal validity specified by Applicant in the Proposal Letter will result in the forfeiture of the Proposal Security.

3.5. PROPOSAL OPENING AND EVALUATION

3.5.1. Proposal Opening

The OUR will open the Proposals in respect of submissions made pursuant to Instructions to Applicants, in open session at 3.15 pm on June 12, 2008. The
Applicant's representatives who are present shall sign a register evidencing their attendance.

Proposals for which a notice of withdrawal has been submitted, pursuant to Instructions to Applicants, will not be opened. Otherwise, the OUR will examine Proposals to determine whether they are complete, whether the requisite Proposal Securities have been furnished, whether the documents have been properly signed, and whether the Proposals are generally in order.

At Proposal opening, the OUR will announce such details of the Bids as the OUR may consider appropriate.

3.5.2. Confidentiality

After opening of Proposals, information relating to the examination, clarification, evaluation and comparison of Proposals and recommendations concerning the award of the Project shall not be disclosed to Applicants or other persons not officially concerned with such process.

Any effort by an Applicant to influence the OUR or any of its officials in the process of examination, clarification, evaluation and comparison of Proposals, and in decisions concerning the award of the Project, may result in the rejection of the Applicant's Proposal and forfeiture of the Proposal Security.

The OUR will return neither the original nor the copies of any Proposal submitted by an Applicant, once it has been opened.

3.5.3. Clarification of Proposals

During the examination, evaluation and comparison of Proposals, the OUR may, at its discretion, ask the Applicants for clarification of their Proposals. Request for clarifications and responses shall be in writing and no change in the Tariff or substance of the Proposal shall be sought, offered or permitted.
3.5.4. Determination of Responsiveness

Prior to the detailed evaluation of Proposal, the OUR will determine whether each Proposal is substantially responsive to the requirements of the RFP based on a review and evaluation of information provided by Applicant.

For the purpose of this clause, a substantially responsive Proposal is one which conforms to all the terms, conditions and specifications of the RFP without material deviation or reservation. A material deviation or reservation is one which affects in a substantial way the scope, quality or performance of the Project, or which limits in a substantial way, inconsistent with the RFP documents, the OUR’s rights or the Applicant's obligations and the rectification of which deviation or reservation would affect unfairly the competitive position of other Applicants presenting substantially responsive Proposals.

If a Proposal is not substantially responsive to the requirements of the RFP, it will be rejected.

3.5.5. Correction of Errors

Proposals determined to be substantially responsive will be checked for any arithmetic errors in computation and summation. Where there is a discrepancy between amounts in figures and in words, the amount in words will govern. The amount stated in the Proposal will be adjusted in accordance with the above procedure for the correction of errors. The Applicant will be informed in writing of any arithmetical adjustments made should the OUR wish to further consider that Proposal.

3.5.6. Evaluation of Proposals

The OUR will evaluate and rank only Proposals determined to be substantially responsive to the requirements of the RFP.

In evaluating the Tariff calculations, the OUR will make any corrections for errors. The Tariff calculations shall be based on the structure of financing defined in Exhibit 11, which allows the Applicant to prepare a Financing Structure with different levels of equity based on the proposed level of borrowing.
Each Proposal shall specify the Tariff in accordance with the requirements of this RFP.

### 3.5.7. Disposition of Proposals

The OUR will inform each Applicant of the disposition of its proposal. Acting in its sole discretion, the OUR reserves the right to accept or reject any Applicant's Proposal and to reject all Proposals, without thereby incurring any liability to the affected Applicants or any obligation to inform the Applicants of the grounds for the action of the OUR. The OUR reserves the right not to award or enter into any contract or agreements with any Applicant, and may terminate the selection process at any time without thereby incurring any liability to any Applicant.

The selection process to be used by the OUR will involve the following stages:

- **Stage 1: Evaluation of Applicants Ability to Implement Project**
- **Stage 2: Technical Evaluation of Project**
- **Stage 3: Economic Evaluation of Project**

Only Proposals which pass Stage 1 will be considered for Stage 2 and only proposals which pass Stage 2 will be considered for Stage 3.

### 3.6. STAGE 1 EVALUATION – APPLICANT’S ABILITY TO IMPLEMENT PROJECT

#### 3.6.1. Evaluation Criteria – Stage 1

During Stage 1, a detailed evaluation of the Applicant’s ability to implement the project will be carried out. Applicants will be evaluated based on:

- Track record
- Ability to raise financing
- Technical capability and qualifications
- Ability to implement project in a timely manner
The OUR wishes to attract Applicants which have a strong track record in renewable energy based power generation projects.

If an Applicant has insufficient experience in any specific area, it may associate itself with other individuals or companies, whose experience may be demonstrated in the Proposal.

Applicants must satisfactorily demonstrate their capabilities in respect of the following:

3.6.2. Track Record

Applicant must demonstrate experience in the development of renewable energy based power generation facilities with emphasis on the category of project being considered. This includes demonstration of adequate knowledge of related construction, operating and maintenance practices.

3.6.3. Ability to Raise Financing for the Venture

Applicant must demonstrate its ability to provide equity and raise loan capital such as would be required to finance the implementation of the proposed project. The Applicant must provide audited financial statements for the past three (3) years. If an Applicant associates with other individuals or companies, then the names, background information and financial statements for these individuals or companies must be provided.

3.6.4. Technical Capability and Qualification

Applicant must provide evidence of having within its organization the technical capability to manage the anticipated needs for implementation of the proposed project, as well as the operating and maintenance of the various systems.

Curriculum Vitae of key personnel in the areas of project finance, engineering, plant construction, operations and maintenance, which the Applicant proposes to employ for technical support as well as those to be employed during the negotiation and implementation phases of the venture, shall be submitted.
3.6.5. Ability to Implement the Project in a Timely Manner

Applicant should provide evidence of its ability to implement the project within the desired time frame. Applicant should provide any available evidence of relevant engineering and design work as well as evidence of previous involvement in similar projects.

3.6.6. Stage 1 Evaluation Scores

Each acceptable Applicant's Proposal will be evaluated in accordance with the following criteria:

A. Experience [30%]

a. Scale of operations in renewable energy based power generation projects.

b. Scope of activities in the development of renewable energy based power generation projects.

c. Track record of successfully developing and operating renewable energy based projects.

d. Period of involvement in Scale (a) and Scope (b) above

B. Ability to Finance Project [40%]

a. Audited financial statements and other supporting data and information for the last three (3) years will be analyzed to determine the financial condition, performance and capability of each Applicant and its associated entities.

b. Capacity to borrow funds.

c. Ability to provide equity:

   i. From own sources
ii. From other sources

C. Technical Capability and Qualifications of Key Persons Employed or to be Contracted by Applicant [10%]
   a. Competence of key personnel (as evidenced by CVs)
   b. Existing systems for management of engineering, construction and operations & maintenance of proposed facilities
   c. Experience with existing technologies in renewable energy based power generation

D. Ability to Implement the Project in a Timely Manner [10%]
   a. Evidence of existing and workable plans and designs for the proposed or similar facilities in the resource category in which the proposal is expected to be made.

E. Current Ownership of similar installations and/or related technologies and equipment [10%]

Applicants will be evaluated in the various categories based on the above criteria and must score a minimum of 60% for his Proposal to be selected for Stage 2 Evaluation. The OUR reserves the right to solely determine the acceptability of an Applicant and is not bound to take into account any subsequent representation or further information provided to the OUR regarding the status of any particular Applicant.

3.7. STAGE 2 EVALUATION – TECHNICAL EVALUATION

Proposals of Applicants who achieve or exceed the minimum required score at Stage 1 will be subject to a detailed technical evaluation at Stage 2.
### 3.7.1. Evaluation Criteria – Stage 2

Proposals will be evaluated based on the following:

- Nature and Availability of Proposed Renewable Resource to be Used [20]
- Proposed Technology to be Utilized [20]
- Availability and Suitability of Proposed Site [20]
- Design of Project Facilities [10]
- Proposed Arrangements for Construction of Project Facilities [10]
- Proposed Arrangements for Operation & Maintenance of Facilities [10]
- Compliance with Environmental and Statutory Requirements [10]

A minimum of 50% must be obtained for each category and the overall score for Stage 2 must exceed 60%.

### 3.7.2. Nature and Availability of Renewable Resource to be Used

- Extent to which Applicant demonstrates the availability of the proposed renewable resource to be used i.e. hydro, wind, solar, biomass, etc. based on available data.

- Extent to which the Applicant demonstrates its ability to access the resource as required.

### 3.7.3. Proposed Technology

- Years of successful commercial use of proposed technology

- Applicable current developments which would enhance feasibility of technology

### 3.7.4. Availability and Suitability of Site

- Suitability of Proposed Site
• Demonstrated ability to secure proposed Site

3.7.5. Design of Project Facilities

• Suitability of proposed design

• Commercial experience of similar designs

3.7.6. Arrangements for Construction

• Proposed arrangements for construction of facilities

• Experience of proposed supply/construction /installation Contractor(s)

3.7.7. Arrangements for Operation and Maintenance

• Proposed arrangements for operation and maintenance of facilities

• Experience of proposed O&M Contractor

3.8. STAGE 3 EVALUATION – ECONOMIC EVALUATION

Proposals which are deemed to be technically feasible will be subject to a detailed economic evaluation at Stage 3.

3.8.1. Evaluation Criteria – Stage 3

Economic evaluation will be based on the expected plant output parameters and associated costs. The general objective will be to select a project or projects that will contribute to the overall power sector objective of providing a reliable supply of energy at least cost to consumers.

The proposals will be evaluated based on:

• Expected dependable capacity and ability to dispatch the plant

• Expected plant availability
• Plant Operating Efficiency
• Proposed Tariff
  
  i. Proposed Fixed Charge component of Tariff (if any)
  ii. Proposed Variable Charge component of Tariff
  iii. Expected Price Escalations and effects on the Tariff

Projects which result in the best expected value to consumers will be ranked highest. Expected value to consumers will be based on the OUR’s determination of the expected impact of the project on the generation system Least Cost Expansion Plan and consumer tariffs. Proposals which when integrated into the generation least cost expansion plan, result in the lowest costs to consumers in the long term, will be ranked highest.

This approach to the economic evaluation is necessary in order to take into consideration not just the proposed tariffs but also the expected plant performance and related performance guarantees in order to arrive at the best value to consumers. Where expected plant performances are similar, the ranking methodology will effectively reduce the evaluation to a comparison based on the level of the proposed tariffs.

### 3.8.2. Dependable Capacity

- Maximum capacity
- Expected capacity variations based on resource availability – coincidence with expected peak demands on the Grid.
- Expected capacity variations due to other factors
- Ability to dispatch plant

### 3.8.3. Plant Availability

- Expected Scheduled Maintenance Requirements
- Expected Forced Outage Rates
3.8.4. Expected Operating Efficiency

- Energy conversion efficiencies
- O&M charges

3.8.5. Proposed Tariff

- Base Fixed Charge – capacity charge and fixed O&M charge
- Base Variable Charge – resource charge and variable O&M charge
- Indexation of Costs – indexation for exchange rate, inflation, resource cost movements, as appropriate.

3.9. SELECTION CYCLE

Applicants are advised that the following cycle of events has been established by the OUR for the selection of the successful Applicant(s) and implementation of the Project:

- Receive Proposals.
- Preliminary clarifications to address inconsistencies and correct arithmetic errors only.
- Evaluation by OUR and identification of the highest ranked Applicants.
- Clarification meetings with the highest ranked Applicants.
- OUR issues Notification of Selection to successful Applicant(s) and informs all others of their ranking.
- OUR invites highest ranked Applicant(s) to negotiate and finalize Project Agreements with JPS (If the successful Applicant is JPS, a modified procedure in compliance with JPS Licence will be followed).
- Formation of Project Company.
- Project Company provides Performance Security.
Unsuccessful Applicants are informed of Selection and Proposal Security is returned.

Notwithstanding the above, the OUR reserves the right to accept or reject any Proposal, to waive minor informalities in Proposals received, and to annul the RFP process and reject all Proposals at any time prior to award of the Project without thereby incurring any liability to the affected Applicants or any obligation to inform the affected Applicants of the grounds for the OUR’s action.

Any or all Applicant may be disqualified from the prequalification process and excluded from further consideration for, *inter-alia*, any one of the following reasons:

(a) Submission of a Proposal to the OUR after the required deadline.

(b) Failure to submit required supporting documentation within the required timeframe.

(c) Failure to submit a Proposal with all forms completed and information and data provided as required by the OUR.

(d) Material inconsistencies in the information submitted.

(e) Misrepresentations in the completed Proposal and supporting documentation.

### 3.9.1. Clarifications and Finalization

Within one hundred and twenty (120) days of the date fixed for submission of Proposals, the OUR will notify the successful Applicant that its Proposal has been accepted for clarification and finalization. The successful Applicant will also be advised of the date, time and place for detailed clarification meeting(s) between the OUR and such Applicant.

The OUR will request that the highest ranking Applicants extend their Proposal validity in accordance with Instructions to Applicants. Lower ranked Applicants will remain on standby, ready to begin clarifications should the highest ranked
Applicant not meet the RFP obligations, execute the Project Agreements and post the Performance Security.

At the first clarification meeting, the OUR will confirm the terms of the first ranked Applicant's Proposal and the overall scope of work for the Project. OUR may also seek clarification of any terms which are unclear, and additional clarification meetings may be held as necessary. The OUR may proceed to a lower ranked Applicant if (i) it decides that the negotiations of the Project Agreements will not be completed within an acceptable time frame, ii) it discovers that the highest ranked Applicant has made a material misrepresentation, (iii) the highest ranked Applicant deviates from the terms of its Proposal, or (iv) the highest ranked Applicant fails to provide or maintain security as required.

At the conclusion of the clarification meeting(s), the OUR will invite the successful Applicant to finalize the Project Agreements. The Project Agreements should be executed within approximately seventy-five (75) days. If finalization and execution of the Project Agreements is not completed within this time period, the OUR may commence clarifications and finalization with the next highest ranked Applicant.

Upon execution and ratification of the Project Agreements and the furnishing by the first ranked Applicant of Performance Security in accordance with the provisions of Instructions to Applicants, the OUR will promptly inform the remaining Applicants that their Proposals have been unsuccessful and discharge or return their Proposal Securities.

3.9.2. Performance Security Requirements

Within ten (10) days after the later of the dates on which the Licence and PPA are signed, the Project Company shall furnish a Performance Security Deposit in the amount of 10% of the expected total capital cost of the project. All costs of obtaining and maintaining the Performance Security Deposit shall be borne by the Project Company.

The Performance Security shall be valid until the Project Company posts a Construction Security Deposit. If the OUR determines that the successful Applicant has made any false representation, has failed to comply with the
requirements of Instructions to Applicants, or has breached the provisions of any Project Agreement before the Construction Security Deposit is posted, the OUR shall be entitled to annul the award and to retain or draw upon the Performance Security Deposit and any interest accumulated thereon.

3.9.3. Applicant’s Responsibilities

Applicant is expected to examine carefully all instructions, conditions, forms and terms in the RFP and all Addenda and is also responsible for informing itself with respect to all conditions which might in any way affect the cost or the performance of the Project. Failure to do so, and failure to comply with the requirements of Proposal submission, will be at Applicant's own risk, and no relief will be given for errors or omissions by Applicant. Pursuant to Instructions to Applicants, Proposals which are not substantially responsive to the requirements of the RFP will be rejected.
4. SECURITY PACKAGE AND FINANCING STRUCTURE

4.1. SECURITY PACKAGE

4.1.1. Grant of Licence

The Project Company will require a Licence from the Government of Jamaica (GOJ), which will be based on the recommendation of the OUR. Pursuant to the Licence, the GOJ will grant the Project Company the right to design, build, own, operate the Complex and sell electrical energy to the national grid under powers of the Electric Lighting Act. The Format of the Licence is attached as Appendix D.

4.1.2. Principles of Power Purchase Agreement

The Project Company will enter into a Power Purchase Agreement (PPA) with JPS on or before financial closing. Pursuant to the PPA, the Project Company will build, own and operate the Complex and will sell power to JPS.

The key Features of the PPA are as follows:

- The term will be for 20 years initially from the date of commissioning of the Complex and may be extended for an additional period.

- The Complex will utilize a locally available renewable energy resource.

If the arrangement is for “As Available Energy Only”:

i. The Complex will be fully dispatched at all times based on availability.

ii. Payment will be based on a variable charge which in turn will be based on the agreed variable price and Net Energy Output.

- If the arrangement is for “Firm Capacity and Energy”:

  i. The Complex will be dispatchable by JPS, subject to project type and approved scheduled outages.
ii. The capacity of the Complex will be tested at regular intervals and JPS will pay the Project Company a fixed amount per kW of tested capacity, subject to agreed indexation.

iii. Payment will include a Fixed Payment and a Variable Payment:

1. The Fixed Payment will be based on agreed fixed costs including cost of construction, fixed O&M costs and capital recovery costs (debt service and return on equity).

2. The Variable Payment will be based on the Net Energy Output and the agreed Variable Price, which will be based on agreed variable costs.

- Liquidated damages will be assessed against the Project Company for:
  i. Delays in commissioning
  ii. Shortfalls in capacity (if firm capacity is included)
  iii. Failure to meet dispatch requirements (if firm capacity is included)

- The Project Company will be required to provide performance security deposits

- Either Party may terminate the PPA under certain specified conditions.

- Upon termination of the PPA, JPS will have an option to purchase the Complex, subject to approval of the OUR.

- Certain tariff components may be indexed to reflect changes in costs faced by the Project Company that are outside its reasonable control.

- Appropriate changes will be made to reflect commitments made by the Applicant in its Proposal.
4.1.3. **Resource Access Rights**

Where applicable, the Project Company shall enter into agreement with the relevant party for access to the renewable resource to be used to fuel Complex. For example, for hydroelectric power projects, agreement would have to be reached with the Water Resources Authority.

4.1.4. **Required Insurance Coverage**

Unless otherwise expressly provided in the Project Agreements, the Project Company shall, at its sole expense, take out and maintain, in effect, at all times during the terms of the Project Agreements the required insurance coverage in accordance with the laws of Jamaica, such as:

- All Risks Marine Cargo Insurance,
- All Risks Property Damage/Operational Insurance,
- Workmen's Compensation Insurance,
- Comprehensive Third Party Liability Insurance,
- Comprehensive Automobile Liability Insurance,
- Excess Umbrella Liability Insurance,

4.1.5. **Government Approvals**

The Project Company shall be solely responsible for securing all requisite approvals such as environmental, developmental, etc from the relevant Government and statutory organizations.

4.1.6. **Principles of Engineering Procurement & Construction Agreement**

The Project Company may enter into Engineering Procurement & Construction (EPC) Agreement with a reputable construction contractor to complete the design and construction of the Project at a fixed price, in accordance with the Project Milestone Schedule and to the specifications agreed in the PPA.
The following are some of the terms and conditions that shall be included in the Construction Contract:

- The Contractor to abide by all applicable laws in Jamaica.

- The Contract shall reflect the applicable provisions from the Project Agreements for which the Company is responsible.

- The Contract shall contain Plant performance guarantees by the Contractor.

- If construction is completed but the Plant fails to meet performance guarantees, the Contractor will be required to pay damages in an amount sufficient to cover at a minimum the liquidated damages that will be assessed under the PPA.

- The Contractor will undertake to complete the Project in accordance with an agreed schedule consistent with the Project Milestone Schedule. In the event of failure to complete construction by the scheduled date, the Contractor will be required to pay damages in an amount at a minimum sufficient to cover the liquidated damages that will be assessed under the PPA.

- The performance of the Contractor shall be assured by a Performance Bond. The amount of the Performance Bond should not be less than 10% of the total contract price. The Performance Bond shall cover the warranty period for the facilities.

- If the Contractor were to abandon construction or to fail to pursue construction with due diligence, the Project Company would have the right to replace the Contractor and require the Contractor to pay any additional costs resulting from its default.

- The Contractor shall provide an unlimited completion guarantee for the Project facilities which is assignable without the Contractor's consent to JPS.
4.1.7. Arrangement for Use Site

The Project Company shall be solely responsible for all matters relating to the Project Site including access and costs.

4.1.8. Principles of Operation and Maintenance Agreement

The Project Company may enter into an Operations and Maintenance Agreement ("O&M Agreement") with a reputable Operations and Maintenance Contractor ("O&M Contractor"), if the Company intends to perform via a contractor.

The following are some of the terms and conditions that shall be included in the O&M Agreement:

• The O&M Agreement shall reflect the applicable obligations of the Company under the Licence and PPA.

• The O&M Agreement shall specify various price components directly tied to the Tariff under the PPA and provide the explanation and adequate information for future adjustments.

• The O&M Agreement shall be specific in regards to the spare parts and consumables included in the base price.

• The O&M Agreement shall address any improvements or additions to be made to the plant in the future.

• The O&M Agreement shall provide for plant operations during emergency conditions.

• The O&M Contractor will undertake to operate and maintain the Project consistent with the standards set forth in the PPA. In the event of failure to do so, the O&M Contractor will be required to pay damages in an amount at a minimum sufficient to cover the liquidated damages that will be assessed under the PPA.
• The performance of the O&M Contractor shall be assured by a Performance Bond.

4.2. FINANCING STRUCTURE

The Project Company will be responsible for mobilizing the financing for the Project. Agreements required to secure financing for the Project will be entered into between the Project Company and the institutions providing the financing for the Project and shall be based on the financial plan presented by the Applicant in its Proposal. Any subsequent changes to the financial plan after finalization of the Project Agreements will require the approval of the OUR.

The financial plan provided by the Project Company will describe the sources of funds and the terms of financing for both debt and equity as applicable. The terms of financing from should be outlined in the proposal. The Project Sponsor would provide details on sources. The funds should be in amounts sufficient to cover the all applicable costs.

Financing will be in the form of equity and debt. Repayment and returns on equity will not be guaranteed. At least 20% of the financing for the Project should be in the form of equity.
5. APPENDIX A: APPLICANTS PROPOSAL AND SUPPORTING DATA

APPLICANT'S PROPOSAL

SUBMITTED BY: ........................................................................................................................................

ADDRESS: ............................................................................................................................................

.....................................................................................................................................................

.....................................................................................................................................................

.....................................................................................................................................................

TELEPHONE : .................................................................................................................................

FACSIMILE: ........................................................................................................................................

E-MAIL: ................................................................................................................................................
5.1.  **EXHIBIT 1: PROPOSAL LETTER**

Date: 

Office of Utilities Regulation  
3rd Floor, PCJ Resource Centre  
36 Trafalgar Road  
Kingston 10  
Jamaica, W. I.  

Attn: Mr. Richard Brown  

Re:  Development of Renewable Energy Based Power Generation Facilities  

Dear Sir:  

Having examined the RFP for the execution of the above named Project; we, the undersigned, offer to design, finance, procure, construct, operate and maintain the Renewable Energy Based Power Generation Project specified in this proposal and supply electric power to the JPS system in conformity with the RFP and all addenda thereto.  

We agree to abide by this Proposal for the period of one (1) year from the deadline for submittal of Proposals as prescribed in the RFP and this proposal shall remain binding upon us and may be accepted by the OUR at any time before the expiration of that period. Until this Proposal expires or an agreement is executed which supersedes this Proposal, this Proposal shall constitute a binding offer.  

We have provided and attached hereto a Proposal Security in an amount equal to 1% of the estimated project cost (US$......................). We also enclose the non-refundable processing fee of Five Hundred United States Dollars (US$500.00).  

We certify that (i) the information submitted as part of this Proposal to the OUR is complete and accurate, (ii) the Proposal has been submitted in the legal name of the entity which would be bound by any resulting agreements and (iii) the offer submitted is firm and will remain open for a period of one (1) year from the deadline for submittal of Proposal.  

We understand that you are not bound to accept any Proposal you may receive.  

Yours sincerely,
Authorized Signature [In full and initials]: ..................................................

Name and Title of Signatory: .................................................................

Name of Firm: ...................................................................................

Address:

Attachments - Proposal Security

- Power of Attorney

Signature
(Applicant shall submit a Power of Attorney for its Duly Authorized Representatives)
5.2. EXHIBIT 2: AFFIDAVIT

Affidavit

The undersigned, ............................................................., of legal age, and residing

(Name of Applicant)

at ............................................................. after having been

(Address)

duly sworn, deposes and states:

1. That he is the ............................................................. of the

(Official Capacity)

............................................................., corporation/association/individual,

(Name of Firm)

duly organized under the laws of .............................................................

(Name of Country)

2. That personally, and as ............................................................. for and

(Official Capacity)

on behalf of the corporation/association/individual, he hereby certifies:

a. That all statements made in this Applicant's Prequalification Document and in the required attachments are true and correct,

b. That this Prequalification Document is made for the express purpose of pre-qualifying him as a potential investor in the Renewable Energy Based Power Generation Project,

c. The Applicant will make available to the Office of Utilities Regulation (OUR) or any authorized agency of the OUR any information they may find necessary to verify any item in this Prequalification Document or regarding his competence and general reputation of the Applicant,
d. That the undersigned is duly authorized by the corporation/association/individual to make these representations and to sign this Prequalification Document.

.......................................................................................................................................................... (Secretary/General Partner/ Individual Contractor/Applicant)

WITNESS:
1. .............................................................................. 2. ..............................................................................

SUBSCRIBED AND SWORN TO before me this ............... day of ......................... 200.....
at ..........................................................................................................................................................

Notary Public: ..................................................................................................................................
5.3. **EXHIBIT 3: APPLICANT’S ORGANISATION**

Date: ..............................

1. Firm's Name and Country Incorporated: .................................................................

2. Firm's Address: ...........................................................................................................

   Telephone No: ......................... Fax No: .................................

3. Address of Registered Office: ....................................................................................

4. Local Contact and Address (if any): ...........................................................................

   ...........................................................................................................................

5. Year Organized: .................................

6. Type of Association: ...................................................................................................

7. Name and Address of local associated firms:

   ...........................................................................................................................

   ...........................................................................................................................
8. Corporate Record:

Names, Nationality, Experience and Associated Firms:

<table>
<thead>
<tr>
<th>NAME OF CORPORATION/ASSOCIATION *</th>
<th>NATIONALITY</th>
<th>OFFICE ADDRESS</th>
<th>YEARS OF EXPERIENCE **</th>
<th>TYPE &amp; SCALE OF OPERATIONS</th>
</tr>
</thead>
<tbody>
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* If applicable, this item should include experience record of each member in the organization to implement the project.

** If applicable, this may refer to the main activity or business of each member of the organization, i.e. construction, design, project management, operations and finance.

Note: Submit one form for each associate, affiliated firm or joint venture partner.
5.4. EXHIBIT 4: INFORMATION TO BE FURNISHED BY CORPORATIONS **

List below all stockholders and other persons owning 5% or more of stock or other interest.

<table>
<thead>
<tr>
<th></th>
<th>NAME</th>
<th>TYPES OF INTEREST OR NUMBER OF SHARES OWNED</th>
<th>VALUE</th>
<th>EXTENT OF CONTROL (%)</th>
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<tbody>
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* Equity holdings

** For each corporation
Disclosure

The Applicant is required to make full and frank disclosure of any liabilities, lawsuits, debts etc. that could reasonably be expected to adversely affect the Applicant's ability to arrange the necessary financing for the successful implementation of the proposed project.

OFFICIALS OF THE CORPORATION

MEMBERS OF THE BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESIGNATION</th>
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<td>5.</td>
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State below the name of the individual who is actively managing the affairs of the Corporation.

NAME: ..................................................................................................................

ADDRESS: ............................................................................................................

DESIGNATION: .....................................................................................................

Herewith attached is a certified copy of Resolution authorizing corporation's representative to file the Prequalification Document and sign subsequent agreements.
5.5. **EXHIBIT 5: INFORMATION TO BE FURNISHED BY UNINCORPORATED ASSOCIATIONS** *

Date of Registration: ............................................................................................................................................

Securities and Exchange Commission Registration No: .........................................................................................

State whether the Unincorporated Association is:

- General Partnership ..............................................................................................................................................
- Limited Partnership .................................................................................................................................................
- Other .................................................................................................................................................................

<table>
<thead>
<tr>
<th>NAME OF MEMBER OF UNINCORPORATED ASSOCIATION</th>
<th>ADDRESS</th>
<th>AGE</th>
<th>OCCUPATION</th>
<th>VALUE OF CONTRIBUTION</th>
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</table>
State below the name of the individual who is actively managing the affairs of the Corporation.

NAME: ................................................................................................................................................

ADDRESS: ..........................................................................................................................................

..........................................................................................................................................................

DESIGNATION: ................................................................................................................................

Herewith attached is a certified copy of Appointment of business manager and his Authority.

* For each associated firm or partner.
5.6. EXHIBIT 6: DETAILED INFORMATION ABOUT APPLICANT*

1. ORGANISATION DOCUMENTATION, CLEARANCES AND EXPERIENCES

We/I hereby submit for your examination and consideration certified true/photocopies of the following:

ANNEX A - Articles of Incorporation and by-laws, or other organizational documents, in English.

ANNEX B - Certificate of registration with the relevant Securities and Exchange Commission or equivalent (if applicable).

ANNEX C - Curriculum Vitae of key personnel who will be responsible for developing, managing and operating the project.

2. TECHNICAL CAPABILITY AND MANAGEMENT ABILITY

ANNEX D - For technical capability, literature/brochures describing Applicant's facilities and accomplishments and information on technical personnel resources.

ANNEX E - For experience, the Applicant shall list similar projects pursued or established within the last ten (10) years.

For each venture listed, the Applicant shall furnish the following detailed information:

(a) Nature and location of venture

(b) Financing and equity structure for the venture

(c) Technical data/information on major developments implemented

(d) Description of role performed by the Applicant in the venture

(e) Names of any engineering consultants

(f) Names of any legal or financial advisors

3. FINANCIAL CAPABILITY

We hereby submit as "ANNEX F" our audited "Financial Statements" for the last three (3) years.
4. ADDITIONAL INFORMATION

We hereby submit additional information generally describing related projects and operations that we are currently implementing.

*For each firm or partner(s)

5.7. EXHIBIT 7: PROJECT DESCRIPTION AND DATA

Applicant shall provide details regarding the project under specific headings including the following:

5.7.1. Plant Performance Guarantees

- Net output to the JPS Grid after transformer losses
- Availability
- Conversion efficiencies
- Environmental impact

5.7.2. Description of Facilities

- Description and explanation of technology to be used
- General plant specifications
- Major systems and equipment description

5.7.3. Location and Access to Site

- Location of site
- Description of access route to site
- Evidence of ability to secure use of site

5.7.4. Site Investigations

- Evidence that the necessary investigations have been done to demonstrate suitability of site including site sub-surface investigations and resource availability studies.
5.7.5. Site Ambient Conditions

- Expected site ambient conditions and impact on plant output

5.7.6. Technical Feasibility Study

Applicant shall include a Project Feasibility Report with their bid which includes the following:

- Technology to be used;
- Expected plant output capacity;
- Output voltage and transformer specifications;
- Site civil works;
- Mechanical / Electrical equipment;
- SCADA interface facilities;
- Telecommunication and control systems;
- Site location and access;
- Results of any site subsurface investigations confirming suitability;
- Expected site conditions / meteorological data to support project feasibility;
- Expected plant output profile based on resource availability.

Failure to submit the feasibility report shall be grounds for disqualification.

5.8. EXHIBIT 8: SPECIAL REQUIREMENTS

5.8.1. Project Logistics

- Details of proposed arrangements for supply and installation of facilities.
- Evidence that local conditions have been duly considered and that there are no impediments to successful delivery and installation of the facilities.

5.8.2. Use of Local Labour

- Plan for use of local labor
- Evidence that local considerations have been adequately considered
5.8.3. Site Utilities

- Evidence that adequate arrangements have been made to secure the necessary site utilities including:
  - Potable Water;
  - Sanitary and Sewer Facilities;
  - Telephone;
  - Construction Power

5.8.4. Accessing of Inputs/ Resources

- Evidence that adequate arrangements have been made to ensure the necessary inputs including accessing the renewable resource to be utilized as “fuel”.

- Evidence to indicate adequacy of the expected inputs/ resources.

5.8.5. Environmental Compliance

- Environmental impact report explaining expected impacts of project on the physical, ecological and socioeconomic environments.

- Evidence that the standards of the relevant regulatory agencies will be met.

5.8.6. Proposed Project Implementation Schedule

- Applicant shall provide a detailed schedule which supports and confirms completion of the project within the proposal timeframe.

- Applicant’s schedule shall be submitted in Pert/Gantt format which shall address all milestones for financing, engineering, procurement, shipping, construction, startup, testing, etc. as necessary to for successful completion and operation of the project.
5.9. **EXHIBIT 9: CALCULATION OF PROPOSED TARIFF**

Applicant shall submit its proposed Tariff along with supporting calculations, including a financial model. The Tariff shall be quoted in US Dollars only, but payments will be in Jamaican Dollars.

The Tariff shall be presented by filling in the base prices in the following Table 5.1. The Base Date for indexation of all prices shall be 30 days prior to the Deadline for Bid Submission.

<table>
<thead>
<tr>
<th>Tariff Component</th>
<th>Unit</th>
<th>Base Price</th>
<th>Basis for Adjustment</th>
<th>Frequency of Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Price</td>
<td>US$/kW/Month</td>
<td>US$/J$ Exchange Rate</td>
<td>Monthly</td>
<td></td>
</tr>
<tr>
<td>Fixed O&amp;M Price</td>
<td>US$/kW/Month</td>
<td>US CPI US$/J$ Exchange Rate</td>
<td>Annually</td>
<td></td>
</tr>
<tr>
<td>Variable Price</td>
<td>US$/kWh</td>
<td>US CPI US$/J$ Exchange Rate</td>
<td>Annually</td>
<td></td>
</tr>
</tbody>
</table>
5.10. EXHIBIT 10: COST DATA IN SUPPORT OF TARIFF

Applicant shall submit details of its cost data in support of the Tariff. Costs shall be quoted in US Dollars.

Table 5-2: Proposed Capital Costs

<table>
<thead>
<tr>
<th>CAPITAL COST ITEM</th>
<th>DESCRIPTION</th>
<th>PROPOSED COST IN US DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Costs</td>
<td>Project development costs incurred prior to start of construction, including financial closing costs.</td>
<td></td>
</tr>
<tr>
<td>Construction Costs</td>
<td>All costs related to supply and installation of the facilities for delivering power to the JPS Grid including all applicable foreign and local taxes. See breakdown in Exhibit 12.</td>
<td></td>
</tr>
<tr>
<td>Project Company Costs</td>
<td>Management and Insurance Costs Capitalized interest during construction Other costs including fees, etc.</td>
<td></td>
</tr>
<tr>
<td>Working Capital</td>
<td>Working capital for initial operation and management.</td>
<td></td>
</tr>
<tr>
<td>Capitalized O&amp;M costs</td>
<td>Costs associated with operation and maintenance activities prior to commissioning.</td>
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<tr>
<td>Other capitalized costs (if any)</td>
<td>Please give description</td>
<td></td>
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</tbody>
</table>

TOTAL FUNDS REQUIRED FOR PROJECT
<table>
<thead>
<tr>
<th>COST ITEM</th>
<th>DESCRIPTION</th>
<th>PROPOSED ANNUAL COST IN US DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant fixed operating and maintenance costs</td>
<td>Plant operating and maintenance costs which do not vary with plant output including, equipment and personnel costs, etc.</td>
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<tr>
<td>Insurance costs</td>
<td>Cost of insurance during the operating period</td>
<td></td>
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<tr>
<td>Resource costs</td>
<td>Any direct costs related to accessing and/or obtaining the renewable resource to be used to “fuel” the facilities.</td>
<td></td>
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<tr>
<td>Plant variable operating and maintenance costs</td>
<td>Plant operating and maintenance costs which vary with plant output.</td>
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<tr>
<td>Other operating costs</td>
<td>Please state, if any.</td>
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</table>
5.11. EXHIBIT 11: FINANCIAL DATA IN SUPPORT OF TARIFF

The Tariff shall be based on a financing plan for the project and supporting financial data relating debt and equity. The applicant shall submit details of the financing including the following:

Table 5-4: Project Financing

<table>
<thead>
<tr>
<th>Financing Type</th>
<th>Source</th>
<th>Amount in USD</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>EQUITY FINANCING</td>
<td>Project Sponsor</td>
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<td></td>
<td>Contractor / Supplier</td>
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<td></td>
<td>Other Sources (Applicant shall list)</td>
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<td>TOTAL EQUITY</td>
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In support of the financing plan, Applicant is required to submit financial data, including the following:

- Interest rates
- Grace periods
- Fees
- Conditionalities
Applicant shall submit commitment letters from the sources of financing. Supporting letters from the financing sources shall be accompanied by supporting documentation to verify that the sources are capable of meeting the commitments.

The amount of total financing shall be the total financing required for the Project, inclusive contingency funds.

Applicant shall submit a financial model for the project which demonstrates its financial feasibility and sustainability.
5.12. EXHIBIT 12: BREAKDOWN OF CONSTRUCTION COST

Applicant shall submit a detailed breakdown of the construction cost by major components of the project.
5.13. EXHIBIT 13: ADDITIONAL SUPPORTING DATA

Applicant shall provide the following Project information:

- Applicant's organization chart and key personnel for the management of the Project Company during pre-construction, construction and the operation stages of the Project, including resumes of key personnel showing past experience in performing their designated management position.

- Applicant's proposed organization during the operation stage of the Project to include manpower requirements for operations and maintenance.

- Listing of proposed subcontracts for the major elements of the Project to include subcontractors' name, address, scope of supply or services and amount of subcontract.

- Applicant's proposed training program for Jamaican Nationals, if any

- Applicant's proposed Project insurance plan to meet the insurance coverages required under the Project Agreements

The Applicant shall provide equipment experience including past performance data for three (3) continuous years of reliable commercial operation to include:

- Name, address, telephone and facsimile number of owner.

- Description and location of Project.

- Operating history.
5.14. EXHIBIT 14: PERFORMANCE SPECIFICATIONS AND DRAWINGS

Applicant shall provide the specifications for the facilities, including detailed specifications for the major systems and equipment including:

- Manufacturer
- Model
- Codes/standards
- Ratings

Applicant shall also provide available drawings relating to the facilities.
5.15. EXHIBIT 14: PROPOSED PROJECT SCHEDULE
6. APPENDIX B: NOTICE OF RECEIPT OF REQUEST FOR PROPOSAL

The undersigned received (or accessed) the above-captioned Request for Proposal Document on
.................................................................................................

We have reviewed the package and we do [ ] do not [ ] (please check one), intend to submit a Proposal.

Further, we understand that our duly completed Proposal Document will be due on June 12, 2008.

At the present time, we anticipate our Proposal Document will be based upon the following corporate or joint venture arrangements:

Lead Firm : ..........................................................................................................
By : ..........................................................................................................
Title : ..........................................................................................................

Firms or partner(s) : ..........................................................................................................
By : ..........................................................................................................
Title : ..........................................................................................................
By : ..........................................................................................................

Applicant Name in Print and Signature: ........................................................................................
( Designation)

.............................................................................................................
( Name of Firm)

Date: .........................................................................................
7. APPENDIX C: SOURCES FOR ADDITIONAL INFORMATION

Applicants are required to perform their own due diligence in relation the project including the renewable energy potential in Jamaica and the feasibility of any proposed project. The OUR does not guarantee the accuracy of information provided by any of the various sources.

Applicants are advised to consult with the relevant agencies including:

1) The Ministry of Energy, Mining and Telecommunication
2) The Petroleum Corporation of Jamaica
3) Jamaica Public Service Company Limited
4) National Water Commission

Applicants may also refer to the following documents:

1. “Renewable Energies Potential in Jamaica” (June 2005) prepared by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) as part of a joint project with the German Agency for Technical Cooperation (GTZ).

2. A wide range of other relevant documents listed in the Bibliography to the above report.


8. APPENDIX D: FORM OF LICENSE

THE ELECTRIC LIGHTING ACT
Supply of Electricity Licence, 2007

1. SHORT TITLE

This Licence may be cited as “[Licensee] Supply of Electricity Licence, 2008”.

2. INTERPRETATION

2.1 In this Licence –

“ELA” means Electric Lighting Act

“Government” means the Government of Jamaica

“Licensed Business” means the Generation and Supply of Electricity as carried out under this Licence and any other licence required by Jamaican Law

“XXX” means [Licensee]

“OUR Act” means Office of Utilities Regulation Act, 1995 as amended

“Power Purchase Agreement” means the agreement for the purchase of power concluded between the Licensee named in this licence and the Licensee named under the All-Island Electric Licence, 2001 or any successor or assign operating the Public Electricity Grid

“Prescribed Utility Service” means the supply of electricity

“The Appeals Tribunal” means any tribunal established by “the Minister” or pursuant to any applicable legislation

“The Licensee” means [Licensee],

“The Minister” means the Minister with the portfolio responsibility for electricity.

“The Office” means the Office of Utilities Regulation.
2.2 This Licence shall be read and construed, subject in all respects to the provisions of the Electric Lighting Act ("ELA"), The Office of Utilities Regulation Act, ("OUR Act") and any applicable legislation, statutory modification, consolidation or re-enactment thereto and all regulations or rules made pursuant thereto (The Acts). Unless the context otherwise requires, expressions in this Licence shall bear the same meanings ascribed to those expressions under the Acts.

3. GRANT OF LICENCE

"The Minister", pursuant to the powers conferred under Section 3 of the Electric Lighting Act as well Section 4A of the OUR Act, as amended, hereby grants the Licensee a Licence authorizing said “Licensee” to develop, operate and maintain a wind turbine generator unit and related facilities in order to generate, sell and supply bulk electricity therefrom ("the Undertaking") to the public electricity supply system subject however, to the provisions of the relevant statute.

4. DURATION

Subject to the provisions herein contained the term of this Licence (“the initial Licence”) shall be .................... (X) years from the date hereof (hereinafter called “the date of the Licence”). “The Licensee” may apply to the relevant authority for a new licence upon the expiry of the initial Licence.

5. ASSIGNMENT OF LICENCE

This Licence may not be assigned or transferred by “the Licensee” without the prior written consent of “the Minister”.

6. RATES/PRICES

The prices to be charged and/or rates to be applied by “the Licensee” in respect of the supply of electricity pursuant to this Licence shall be determined by “the Office” and included in the Power Purchase Agreement.

7. REGULATION

7.1 “The Licensee” in carrying out the “Licensed Business” shall be subject to regulation by the Office pursuant to the OUR Act, the ELA and any statutory modification, consolidation or re-enactment thereto and any other applicable legislation and all regulations and rules made pursuant thereto.
7.2 “The Licensee” shall comply with any order and/or directive made by ‘the Office” under the OUR Act as amended with all reasonable promptitude.

7.3 “The Licensee” shall provide such information, reports, and records as may be requested by “the Office” from time to time.

8. REGULATORY FEES

8.1 “The Licensee” shall pay to “the Office” an annual Regulatory Fee. The first such Regulatory Fee shall become due and payable upon issuance of this Licence and each subsequent Fee shall become due and payable upon the anniversary date of the issuance of this Licence. This fee shall be paid out of the revenues as may be derived from the sale of energy to the Power Purchaser under the terms of the agreement and shall be calculated as follows:

\[
\text{Licence Fee (LF)} = \text{BUSP} \times 1\text{PPR}
\]

Where

\[
\text{BUSP} = \text{The portion of net revenue attributable to the Power Purchaser in the audited financial statements for the financial year ending in the calendar year preceding the due date of the first payment.}
\]

\[
1\text{PPR} = 0.0001
\]

9. Audited Accounts

9.1 The accounts of the Licensee shall be audited at the expense of “the Licensee” by an independent auditor of “the Licensee’s” choice provided that such auditor shall be of good standing and reputation.

9.2 “The Licensee” shall send to “the Office” within three (3) months of the end of “the Licensee’s” financial year a copy of the annual audited Balance Sheet and Profit and Loss Account of “the Licensee” related to the supply of electricity pursuant to this Licence and shall send to “the Office” such operating and other statistics as “the Office” may reasonably require.
10. Appeals

10A. Appeals Tribunal

10A.1 Subject to the provisions of any subsequent legislation, “the Minister” may as required empanel as Appeals Tribunal (hereinafter called “the Tribunal”) to hear appeals by aggrieved parties and such a Tribunal shall consist of three members appointed by “the Minister” as follows:

(a) one member shall be a former Judge of the Supreme Court or the Court of Appeal and shall be the Chairman of "the Tribunal";

(b) one member shall be appointed on the recommendation of the Consumer Affairs Commission; and

(c) one member shall be appointed on the recommendation of “the Office”.

10A.2 There shall be paid to the Chairman and other members of “the Tribunal” in respect of any appeal, such remuneration, whether by way of honorarium, salary or fees, and such allowances as “the Minister” may determine.

10A.3 The decisions of “the Tribunal” shall be by a majority of votes of the members.

10A.4 “The Tribunal” shall regulate its own proceedings.

10B. Appeal of Office Decisions

10B.1 If “the Licensee” is aggrieved by a decision of, or failure to act, by “the Office”, under this Licence, “the Licensee” may appeal to “the Tribunal” -

(a) in the case of a decision of “the Office”, within thirty (30) days after notification to “the Licensee” of that decision;

(b) in the case of a failure of “the Office” to act, within twenty-one (21) days after the date on which “the Office” was required to act.
10B.2 On hearing an appeal under this Licence “the Tribunal” shall have regard to the legality, rationality and procedural propriety of the Office in arriving at its decision and may:

(a) confirm, modify or reverse the decision of “the Office” or any part thereof; or

(b) by a direction in writing, refer the decision back to “the Office” for reconsideration by it, either generally or in relation to any matter specified in the direction,

and “the Tribunal” shall, at the same time, state the reasons for its decision.

10B.3 “The Tribunal” may, on application by “the Licensee”, order that the decision of “the Office” to which an appeal relates shall not have effect until the appeal is determined.

10B.4 “The Tribunal” may dismiss an appeal if it is of the opinion that the appeal is frivolous or vexatious or not made in good faith;

10B.5 Where “the Tribunal” dismisses an appeal, it shall inform “the Licensee” and “the Office” in writing stating the reasons for its decision.

10B.6 In making a decision, “the Tribunal” shall observe reasonable standards of procedural fairness and the rules of natural justice and act in a timely fashion.

11. DISCHARGE OF OBLIGATIONS AND POWER OF LICENSEE

11.1 Save as set out in this Licence, “the Licensee” shall discharge its obligation and perform the duties imposed or authorized under the ELA and any other applicable legislation or standards and shall enjoy the rights and exercise all powers conferred by such legislation on undertakers authorized to supply electricity.

11.2 “The Licensee” shall not be obliged to undertake extension of any transmission or distribution lines to deliver the power generated, save as provided in the Power Purchase Agreement and/or the Interconnection Agreement.

11.3 “The Licensee” may exercise such rights and shall observe such conditions relating to easements, way leaves, entry of private property and the construction of any lines above, or below ground,
as may be prescribed by law. In addition “the Licensee” shall have the right to trim trees or shrubbery which may overhang any public way and may interfere with electric lines or cables constructed by “the Licensee”.

11.4 If in the construction, maintenance and repair of its electric lines, it shall be necessary for “the Licensee” to disturb public ways and places or the plant of any other utility, “the Licensee” shall restore or pay the cost of restoring such public ways and places and utility plant to at least as good condition as they were before such disturbance.

12. FORCE MAJEURE

“The Licensee” shall be excused for any non-compliance with this Licence caused by Force Majeure. For the purpose of this Licence, Force Majeure means: any event or circumstance or combination of such events or circumstances that:

(i) occurs inside Jamaica, except as provided in clause (h) below,

(ii) is outside the reasonable control of the Licensee,

(iii) cannot be prevented or overcome by the exercise of reasonable diligence, and

(iv) materially and adversely affects the performance by “the Licensee” of its obligations under this Licence, to the extent that such event(s) or circumstance(s) meet the foregoing requirements (i) through (iv), including:

a) acts of God, fire, explosion, chemical contamination, earthquakes, flood, lightning, drought, tsunami, flood, torrential rain, storm, cyclone, typhoon, or tornado, pestilence or other natural catastrophes, epidemics or plague, or any strikes, work to rule, go-slow or other labour disturbances that directly affect the Assets of “the Licensee”;

b) licences (other than this Licence), concessions or permits or other Governmental Requirements that are necessary for the Licensee to conduct its business on terms and conditions at least as favourable as those contained in the original licence (and not this Licence), concession or permit after the submission of an application that fulfils all the applicable
requirements of the relevant *Government Requirements* and the exercise of due diligence to obtain such licence (other than this Licence), concession or permit;

c) any strikes, work to rule, go-slow or other labour disturbances that extend beyond the *Assets* of “the Licensee”, are widespread or nation-wide or are of a political nature, including labour actions associated with or directed against a ruling political party, or those that are directed against “the Licensee” (or its contractors or suppliers) as part of a broader pattern of labour actions against companies or facilities with foreign ownership or management;

d) expropriation, requisition, confiscation, nationalization or compulsory acquisition by a *Governmental Authority* of the Licensee or any substantial portion of the *Assets*;

e) acts of war (whether or not declared), invasion, blockade or embargo;

f) acts of threats of terrorism or threat from terrorists, widespread riot, widespread violent demonstrations, widespread armed insurrection, widespread rebellion or revolution;

g) the closing or drastic reduction in capacity of public harbours, ports, docks, canals, roads, airports or other infrastructure, the rationing thereof or any import or export restrictions; or

h) to the extent that they result in disruption of “the Licensee’s” ability to receive shipments of fuel, major equipment or critical spare parts, any strikes, work to rule, go-slow or other labour disturbances that occur outside of Jamaica.

13. **STEP-IN RIGHTS**

13.1 If “the Licensee” shall have ceased to operate all, or any substantial part of the system or equipment necessary for the performance of functions under its Licence for a period of forty-eight (48) consecutive hours (“the initial period”) without the prior consent of “the Minister” (“Step-in event”), “the Minister” or his designee may enter any site at which “the Licensee” operates and may assume operational control of that system or equipment, provided that –

13.1.1 “The Minister” shall give prompt notice to “the Licensee” determining that the initial period has concluded such
notice to be given by means reasonably calculated to ensure prompt actual notice to “the Licensee”.

13.1.2 A Step-in event shall not have occurred and “the Minister” or his designee shall not be entitled to enter any of “the Licensee’s” sites for the purpose of assumption of operational control if the cessation of operation under sub-paragraph (1) resulted from –

(i) circumstances beyond the reasonable control of “the Licensee”; such as an event of Force Majeure;

(ii) a forced stoppage; or

(iii) an action or failure to act by “the Minister” or “the Office” in contravention of any right or entitlement of “the Licensee” under applicable legislation or regulation being in force, or “the Licensee’s” Licence; or

(iv) to the extent that “the Licensee” is proceeding with diligence and good faith to overcome or remedy such event and such event is overcome and remedied within forty-eight (48) hours immediately after the initial period.

13.2 If “the Minister” or his designee assumes operational control of all or part of the system or equipment upon the event of a Step-in event in terms of sub-paragraph (1), “the Minister” or his designee shall operate the system or equipment in accordance with prudent utility practice and in any event in accordance with standards no lower than those which were binding on “the Licensee” prior to the occurrence of the Step-in event.

13.3 Upon the occurrence of a Step-in event “the Minister” or his designee shall be entitled to operate all or part of the system generating facility and/or equipment until such time as “the Licensee” has demonstrated to the reasonable satisfaction of “the Minister” that it can resume normal operation of the system or equipment in accordance with the terms and conditions of his Licence and this Act and that Step-in event will be overcome or remedied.

13.4 “The Licensee” must demonstrate to “the Minister” that it can and will secure or otherwise acquire and utilize –
(a) requisite qualified and skilled personnel;

(b) sufficient financial resources; and

(c) any other resources identified to be needed to resume proper operation of the system and any generating facility in accordance with the terms and conditions of this Licence and to overcome or remedy the Step-in event.

13.5 Where “the Licensee” is unable to demonstrate its ability to resume normal operation of the system or equipment to the reasonable satisfaction of “the Minister” within ninety (90) days after the Initial Period, “the Minister” shall have the right to acquire, and/or to have his designee acquire all of the rights, title and interest of “the Licensee” in the “Licensed Business” and Facilities for 50% of a “purchase price” which shall be an amount equal to 50% of the fair market value as defined and formulated in accordance with 13.5 (i) and (ii) below. If “the Minister” elects to exercise his right to acquire all such rights, title and interest, payments in accordance with this paragraph shall be made to “the Licensee” not later than one (1) year after the notice to exercise such right.

(i) The “purchase price” referred to at paragraph 13.5 above shall be calculated at the present value of the “Licensed Business”, present value being determined by the discounted cash flow methodology. The cash flows to be used in the calculation of the “purchase price” shall be the net cash and cash equivalent of the “Licensed Business” as reflected in the audited financial statements from the last financial period prior to the invoking of the “step-in rights” and the projected annual cash flow for the subsequent fifteen years at the level of the last audited statement.

(ii) The applicable interest rate to be used in the calculation of a “purchase price” shall be the Bank of Jamaica one-year Treasury Bill rates for the relevant financial period.

13.6 “The Minister” shall only indemnify and hold “the Licensee” harmless from any loss or damage to the system and/or generation facility and for any injury to persons incurred as a direct result of “the Minister’s” or designee’s gross negligence or wilful misconduct in the operation of the system and/or generating
facility during the take-over period and then only to the extent that such loss, damage or injury is not covered by insurance.

13.7 “The Minister” may designate any other qualified person as his designee for the purpose of exercising any of the powers conferred in this paragraph.

13.8 Where a licensee who is a purchaser of a generator’s electrical output under a power purchase agreement decides to exercise any Step-in rights under terms of such agreement he shall notify “the Minister” prior to exercising such rights.

13.9 A licensee who exercises step-in rights in terms of paragraph 13.7 shall be deemed to be a designee of “the Minister” in terms of this Section and shall be bound by the provisions of this Section.

14. AMENDMENT TO LICENCE

This License may be modified at any time during the term of its continuance by agreement between “the Licensee” and “the Minister”, and upon the advice of “the Office”.

15. REVOCATION

15. 1 “The Minister” may, on the recommendation of “the Office” at any time revoke this Licence by not less than 30 days notice in writing (the "Notice of Revocation") to “the Licensee”:

(a) if upon charges being proffered with proper particulars, it shall have been determined that “the Licensee” has, without just cause or excuse, failed to comply with any term of this Licence or to carry out in good faith and with reasonable diligence the activities referred to in this License, including compliance with directives, orders, memorandum, or determinations issued by “the Office” which determination shall specify in exact detail the respects in which “the Licensee” so failed, provided that such failure shall have continued for a period of thirty (30) days and shall have impaired the “Licensed Business”.

(b) if “the Licensee” has gone into compulsory or voluntary liquidation other than for the purpose of amalgamation or reconstruction;
(c) if any fee or financial obligation payable under this licence or in relation to any related Statute or any fine imposed by a Court of Law is unpaid thirty (30) days after it has become due and after the expiration of this thirty (30)-day period it remains unpaid for a further period of thirty (30) days after “the Office” has given “the Licensee” notice that the payment is overdue;

(d) if any principal officer of “the Licensee” is convicted of a criminal offence by a Court of Law, which offence has impaired “the Licensee’s” obligations under this Licence.

15.2 Prior to the recommendation for the revocation of this Licence pursuant to clause 15.1, “the Licensee” shall within a 30-day notification period be given an opportunity to be heard, including making written submissions to “the Office” as to why this Licence should not be revoked.

16. RIGHTS OF ACTION RESERVED

Nothing specified or contained in this Licence shall be construed as depriving “the Licensee” of its ordinary rights to appeal to Her Majesty’s Courts to redress any wrongs it may suffer or to enforce any rights to which it may be entitled under the Licence or otherwise.

17. ARBITRATION

In the event of any difference whatever arising under this Licence between the Government and “the Licensee” or between “the Minister” and “the Licensee” the matter in dispute shall be referred to arbitration in accordance with the applicable arbitration provisions of the Arbitration Act and the decision thereon shall be final and conclusive.

18. NOTICES

18.1 Any notice, document or other instrument required or permitted to be given or delivered to any person under any provisions of this Licence may be delivered or given by registered mail addressed to the person to whom the notice is to be given, or delivery is to be made, at its usual or last known address and if so given by mail shall be deemed to have been given or delivered 5 days after the date on which it is deposited in the mail as registered mail.

If notice is given or any document delivered other than by registered mail, as provided in the preceding sentence, such notice
shall not be deemed to have been given or document delivered until it is actually received by the person to whom the notice is given or delivery is made.

18.2 Any person may change its address for the purposes of this clause by giving notice of such change by hand delivery, or registered mail, which change, however, shall not become effective until it is actually received by the person to whom the Notice is addressed.

Dated this..................................... day of............................................... 200

____________________________________________
M.P.
Minister of Energy, Mining and Telecommunications