

Electricity Regulatory Authority
Request for Statement of Qualifications
Firm Power Generating Capacity for Grand Cayman – 12 November, 2013

Background

The Electricity Regulatory Authority (the Authority), a statutory authority established in the Cayman Islands, is responsible for conducting a fair and objective solicitation for additional firm generating capacity on Grand Cayman through an open and transparent competitive process. This Request for Statement of Qualifications (RFQ) solicits expressions of interest and statement of relevant qualifications from prospective bidders. The Statement of Qualifications (SOQ) prepared in response to this RFQ will be evaluated by the Authority to develop an approved list of Qualified Bidders. Only those Qualified Bidders will receive a Request for Proposal (RFP) and be allowed to bid on the requested generating capacity. The winning bidder(s) will be required, among other things, to finalize Power Purchase Agreement (PPA) negotiations for the sale of the output of the proposed generating capacity to Caribbean Utilities Company Ltd (CUC) in its role as the T&D licensee. As a generation licensee, CUC will also be permitted to compete to provide such generation resources under the supervision of the Authority.

Under the terms of its T&D licence, CUC is responsible for providing adequate and reliable electric capacity and energy for its retail customers on Grand Cayman and has prepared a Certificate of Need (CON) to demonstrate the need for additional generation resources. The CON informs potential bidders of the general nature of the need for additional generating capacity. A copy of the CON, which has been reviewed and approved by the Authority, is available for download from the Authority website at <http://www.caymanera.ky>.

As shown in the approved CON, the next required increment of capacity and associated energy requested by CUC consists of generating unit[s] totaling approximately 36 MW of capacity and associated energy, with 18 MW for delivery no later than April 1, 2016 for the first unit and another 18 MW no later than May 1, 2016 for the second unit. The generation built may be plus-or-minus 10% of these figures, with no single unit greater than 20 MW, though smaller sizes may be offered. Conventional and non-conventional resources, including firm renewables, may bid, if they can meet the performance criteria required for firm capacity. The technical and other specifications for this capacity and energy, which are outlined in the CON, may be specified in more detail in the RFP.

In addition to the CON, prospective bidders are expected to review and understand the following relevant background information available on the Authority website:

- Electricity Regulatory Authority Law (2010 Revision)
- Form of Generation Licence
- ERA Regulations regarding the Competitive Solicitation Process in of the T&D Licence, Conditions 29 and 31
- Electricity Law (2008 Revision)

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Statement of Qualifications

In order to be permitted to bid on the required generating capacity, a prospective bidder must first be deemed a "Qualified Bidder" by the Authority based on the Statement of Qualifications (SOQ) submitted to the Authority in response to this RFQ. The SOQ should contain information with respect to the prospective bidder's expertise and experience, which must be relevant to establishing an electrical energy generating facility on Grand Cayman. In addition, the SOQ shall provide evidence of the prospective bidder's financial status in sufficient detail to enable the Authority to be assured that the bidder would be capable of financing these projects and remain financially viable for the term of the PPA. The SOQ will also serve as an expression of interest in submitting a bid and assurance that the prospective bidder's intended generation project would satisfy the technical criteria in the CON.

For a prospective bidder to be evaluated for consideration as a Qualified Bidder, the bidder should include the following information in its SOQ in the order shown below. These SOQs must be submitted by Friday, December 20, 2013:

1. Letter of Transmittal . The letter of transmittal should be bound in the SOQ and include the following components:
 - Introduction of the prospective bidder, including all current and prospective members of a consortium if applicable
 - How the prospective bidder learned of the solicitation (i.e. through a specific website or publication)
 - Identification of the leading member of the consortium, if applicable (i.e., the legal entity with which CUC would sign a PPA)
 - Acceptance of the technical criteria for generation on Grand Cayman, as identified in the CON
 - Affirmative statement that the prospective bidder, if selected, intends to and is capable of providing generating capacity that meets the technical criteria
 - Affirmative statement of interest in providing a bid for the required generation
 - Name, geographic address and email address for the contact person authorized to respond to any requests for clarification and/or to receive the RFP, if approved by the Authority

2. Firm Experience . The prospective bidder should include in this section evidence of previous relevant experience with respect to power projects of similar size:
 - Permitting and site approvals
 - Project financing
 - Project construction
 - Fuel contracting
 - Overall project development
 - Operations and maintenance

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In each case, the Bidder must demonstrate prior experience in developing the type of generation proposed for construction on Grand Cayman. The bidder should identify its role(s) in the projects cited and the location and dates of such experience. Evidence of the level of success of these efforts should also be included (i.e., experience with projects that have not been successful in coming on line should also be included). This experience should be focused on demonstrating the bidder's ability to carry out such functions in the Cayman Islands, if selected.

The bidder may also describe its experience with power projects that are not directly relevant to the Cayman Islands, but which demonstrate knowledge of the power industry and generation (including location, dates and level of success).

3. **Biographies** . The bidder should include in this section of the SOQ biographies of the key personnel proposed to work on the development of the facilities on Grand Cayman, including a detailed description of their relevant experience
4. **References** . The prospective bidder should provide references, with contact information, relating to at least two separate projects that can speak to their relevant previous experience, and may also provide letters of reference (from purchasers, government agencies, commissions, etc.) to confirm the cited experience. The bidder may also include printed articles or other public information on the operation of their projects.
5. **Financial Strength** . If the entity providing the SOQ has multiple divisions, the prospective bidder's SOQ shall identify which division will have primary responsibility for developing and/or managing the generation project. The SOQ should include the following data for the corporate entity:
 - Corporate credit rating and the most recent rating agency reports
 - Annual reports (if prepared) for the past three (3) years, or equivalent financial statements
 - 10Q quarterly reports (if applicable) for the past three years
 - Current Dun and Bradstreet Report on the company
 - Listing of lawsuits in which the company is currently engaged that could have a material impact on the financial standing of the company
 - Other evidence of financial credibility
 - Evidence of existing business operations (if any) in the Cayman Islands
 - Financial results for the most recent three (3) years for the corporate division that would be responsible for the project, if available
 - Financial results for three (3) years for other major consortium members

It is understood that a consortium may be formed to bid jointly to supply this generation need and that the consortium may not be fully constituted by the time the SOQ is submitted. In this case, the SOQ should show the relevant expertise and previous experience for those parties already committed to the consortium and the other parties expected to be added to the consortium prior to project development. The SOQ should

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also include, on letterhead, a statement of intent to participate in the consortium from any identified non-primary members. Any SOQ that does not demonstrate relevant experience in all areas may be conditionally approved by the Authority based on an affirmative statement in the letter of transmittal that the parties to be added to the consortium would provide such missing experience and that firm commitments from such parties would be secured prior to and evident in the subsequent RFP submission.

Instructions

Prior to submitting the SOQ, potential bidders may submit questions or requests for clarification to the Authority electronically to: LBoucher@caymanera.ky. The responses to all questions received up to ten (10) business days prior to the due date for the SOQ shall be posted, along with the questions, on the Authority website at least five (5) business days prior to the due date of the SOQ. Any such requests submitted within 10 days of the due date will be disregarded by the Authority.

Two (2) copies on CD Rom of the SOQ must be submitted to the Authority no later than 5:00 pm on December 20, 2013 at the following address:

Louis Boucher
Deputy Managing Director
Electricity Regulatory Authority of the Cayman Islands
Suite 14, Grand Pavilion Suites, West Bay Road
George Town, Grand Cayman, Cayman Islands

The Authority is not responsible for any failure of package services to deliver the SOQ on time. All costs for preparing and submitting the SOQ shall be the responsibility of the potential bidder submitting such documents.

The Authority may request clarifications and additional evidence and, if such materials are received in a timely manner, may consider such materials as part of the original SOQ. However, potential bidders should prepare the SOQ on the basis that their qualifications will be evaluated thereon.

The SOQ will be used for the sole purpose of evaluating the potential bidders' qualifications to participate in the upcoming RFP. The Authority may accept or reject any SOQ in their sole and absolute discretion and that decision shall be final.

Based on its evaluation of the SOQs submitted by the due date, the Authority will prepare the Qualified Bidders list . a list of those potential bidders qualified to receive the ensuing RFP. CUC and any other existing generation licensees shall be considered Qualified Bidders without the need to submit an SOQ. Other firms that have previously submitted SOQs must re-submit such materials, unless they hold a current Generation Licence on Grand Cayman. The Qualified Bidders list shall be published on the Authority website in a timely manner after the due date for receiving the SOQ. The

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Authority will send the RFP to all Qualified Bidders by email to the address(es) provided in the SOQ letter(s) of transmittal.