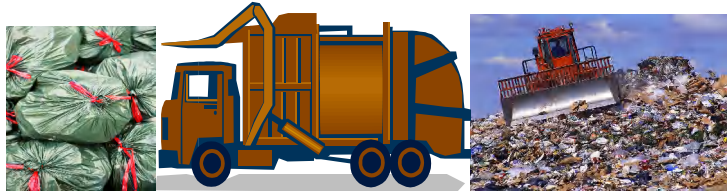




REQUEST FOR PROPOSALS

Questions & Answers # 2

SOLID WASTE TO ENERGY



An Opportunity to joint venture in the production of Energy using Municipal Solid Waste as the primary feedstock

**Prepared By:
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Questions from Potential Bidders and Answers

Question 1

Page 26 of the information package issued in support of request for proposals states:

The NSWMA will provide:-

- land for the development of the project,
- feedstock for which it will charge the company US\$1.00 per tonne of feedstock delivered to the facility and
- receive the ash output from the facility at its landfill for which a tipping fee will be charged

However earlier in that same document, on page 16, it states that administrative fees, were implemented in 2008 at a rate of J\$500 (US\$7) per truck.

Will the proposed Waste to Energy plant also be charged this tipping fee?

Could you clarify what the tipping fee for the proposed Waste to Energy plant will be?

Answer:-

What exists:-

The existing waste disposal facilities are currently owned and operated by the NSWMA through its regional companies. NSWMA collects most of the residential waste with its own vehicles and disposes it at these facilities.

An administrative fee of \$500 (JA) is collected per trip into the disposal site (Riverton, Retirement, Hadden, Martin's Hill and Myersville) from each commercial waste hauler (consisting of waste other than residential waste).

What is being proposed:-

Under the NSWMA Act, NSWMA is responsible for all the waste collected, it will continue to collect residential waste and will make all the waste collected available as feedstock to the New Waste –to- Energy facility. It will charge the facility US\$1.00 per tonne of waste delivered to it from any source.

The NSWMA will have to develop structured landfills to collect the ash from the new Waste –to- Energy facility. The new Waste –to –Energy facility will be charged to tip its ash at this new landfill.

An appropriate tipping fee for this ash disposal will be negotiated with the successful proposer.

Question 2

Exhibit 9 – Cost Data to support Tariff. Is the Tariff structure based on all costs associated with the project including labor in Jamaica and abroad?

Answer: The tariff structure represents a recovery of all cost associated with the project.

Question 3

Exhibit 7 – Project Description and Data. It appears the solicitation may require an Environmental Impact Statement (EIS) to be supplied with the RFP. This is a potentially expensive requirement. Is there any supporting environmental documentation to develop an EIS with specific reference to the site and surrounding areas, waterways, etc?

Answer: There are no Environmental Impact Assessment done or Statement developed for the project at this time. This requirement will become necessary when a successful proposer is chosen and the project is being developed to seek statutory approvals, including environmental approval.

Question 4

Page 26 of Information Volume - Feedstock Fees. Why is there a fee for the feedstock input (\$1.00 per ton ~ \$18.00 per truck) if they charge the hauler for disposal (\$7 per truck)?

Answer: The nominal fee of \$1.00 per tonne will be charged to offset the transportation cost to the waste-to-energy facility.

Question 5

Page 26 of Information Volume - Ash Tipping Fee. You reference but do not quantify the tipping fee for the output “Ash”? Please define the tipping fee for the output ash.

Answer: An appropriate tipping fee for this ash disposal will be negotiated with the successful proposer.

Question 6

Pages 8 & 9 of Information Volume - Avoided Costs. Is the term "Avoided Costs" a reference to the Power Purchase Agreement (PPA) structure?

Answer: **The Avoided Costs is the cost of electricity that would be incurred if it were produced from conventional fossil fuel. The avoided cost plus any premium applied forms the price at which the project delivers energy. This would only be one aspect of the overall Power Purchase Agreement which also deals with operating conditions, guarantees and penalties etc.**

Question 7

Page 12 of Information Volume – Landfill Disposal Sites. There were originally 15 landfill disposal sites in which 8 have been closed due to environmental issues. Consequently, 25% of the waste is not collected in the country. Therefore, disposal at these remaining landfills will increase. Is the growth rate for waste (6% in the past 10 years) correct? Do you intend to capture the 25% uncollected waste?

Answer: **There are in fact 8 disposal sites now in operation. If there is 25% of waste that is uncollected it is not because of the closure of sites in the past, but because there are rural areas where collection services are not provided and other areas due to the terrain. It is the aim of the NSWMA to collect from all areas. This is actively being addressed by the recent acquisition of additional trucks.**

A study conducted by Water and Earth Science Association Ltd. in 1998 projected a waste generation growth of 5%. (This is an estimated percentage due to the absence of Weigh Bridge at the sites).

Question 8

Page 32 of Information Volume - Ministry of Energy. Please define the phrase "avoided cost". Premium is 15% of what?

Answer: **The Avoided Costs is the cost for electricity that would be incurred if it were produced from conventional fossil fuel.**

The 15% premium is an externality benefit allowed to recognize the benefits to the environment and to cover the higher cost that may be incurred in implementing Renewable Energy projects.

The 15% is on the avoided cost estimated for generation from conventional fossil fuel sources.

Question 9

Page 32 of Information Volume - Ministry of Energy. It is our position that the disposal of Bagasse (organic waste from sugar) would be more efficiently managed if addressed separately from MSW. Consequently, can Bagasse be identified as a separate waste stream from MSW?

Answer: Bagasse is managed separately by the Sugar Industry and is not a part of the MSW waste stream.

Question 10

Page 35 of Information Volume - 20 year Power Purchase Agreement (PPA). Is there an allowance for inflationary increases? If so, what is the percentage?

Answer: Please refer to Appendix 1 Exhibit 8 that outlines the components of the tariff and the indices that will be used to accommodate movements in the various components. The percentages are not static but are dependent on the data that prevails when the components are being calculated.

Question 11

Page 8 of Information Volume - Independent Power Producers (IPPs). What Distribution / transmission facilities are currently in-place at the 2 sites or adjacent? How will the tie in be accomplished?

Answer: At the eastern site a 69Kv transmission line runs adjacent to the eastern boundary of the site.

At the western site transmission lines are in close proximity (within a mile radius) of the proposed site.

These attributes were displayed on the site visits that were held on March 17 & 18 2009.

The “tie-in” will be accomplished through collaboration with the Jamaica Public Service Company Limited.