ADDENDUM ONE
Request for Proposal 15-142
INTERIOR ENERGY PROJECT (IEP)

July 7, 2015

FAX TO: All RFP recipients on record.

The RFP Package is hereby clarified or changed as follows:

1. Submittal deadline has NOT been changed.

QUESTIONS AND ANSWERS:

2. Will AIDEA/AEA be making any sort of “data room” available for potential bidders on the materials and data already completed under the MWH agreement?


3. Are any and all questions on this RFP made publically available or can they be held under a “confidentiality provision?”

ANSWER: Any questions germane to this project during this 60-day proposal prep period will be made publicly available. If information is considered confidential with the submitted proposal please indicate so as described in the RFP.

4. Will there be a process for addressing questions that offerors have regarding the specific content of the solicitation?

ANSWER: The RFP contains information regarding how to ask questions. The decision regarding if a question rises to the level of having to publically post the question and answer will be at the discretion of the Authority.

5. Can you identify the make-up of the Evaluation Committee? It’s capitalized in the document in the few spots it’s used but there’s no definition or description regarding who will populate the Committee.

ANSWER: The evaluation committee will be confidential until (at the soonest) notice of intent to negotiate is given to the first list of selected offerors. (Phase I)

6. In the RFP it states, “Offerors submitting these proposals should also respond to the Request for Information for Cook Inlet natural gas supply that will be issued by the State of Alaska Department of Commerce, Community and Economic Development.” I have searched for this RFP but I cannot locate it at this time. Can you assist?

ANSWER: The referenced RFP has not been issued yet.
7. Do we need an AK business license to submit a proposal?

**ANSWER:** Part D, Item 1 of the subject RFP states that an Alaskan Business License is required of Contractors who do business in Alaska and required before contract award…. "A firm may submit a proposal without a business license if they are not currently doing business in Alaska; however, a business license will be required and must be evidenced by any method indicated in items 1a thru 1f of the RFP “prior” to entering into a contract with the State.

8. Are there any "rules of engagement" restricting us from communicating with AIDEA, State of Alaska Agencies or any others during the proposal period ending August 3rd?

**ANSWER:** There are no “rules of engagement” other than what is identified in the RFP.

9. Can you provide some guidance on what we should assume the life of this project to be (e.g. 20 years, 30 years...)?

**ANSWER:** Due to the various components of this Project it is expected that differing infrastructure will have differing life expectancies. For Project component/parts not addressed in the RFP i.e. Storage, regasification, distribution and or transmission piping, all proposals will be treated equally. For components/portions contained in the RFP i.e. gas supply, liquefaction plant, transportation, pipeline, propane equipment; it is expected that the offeror will address this question with their respective submittal.

10. Is the AIDEA North Slope air permit that the MWH team reviewed last year still active and is it transferable?

**ANSWER:** Yes, the AIDEA air permit is transferrable; however, modifications would be necessary to accommodate the proposed equipment and/or facilities. Such modifications, if necessary, would be the responsibility of the offeror.

11. Are there other North Slope permits already underway from last year’s work that are available and transferable to a new project?

**ANSWER:** Several permits were received last year to facilitate the construction of the pad. However, no permits related to the direct plant construction or operations (other than the air permit) were applied for or received. It is the offeror’s responsibility to identify and obtain the appropriate permits or approvals as necessary.

12. Can you please provide North Slope pad detail drawings and pipeline interconnect information?

**ANSWER:** The as-built drawings for the pad can be made available and will be posted to the IEP website. The offeror is responsible for working with BP to obtain the appropriate information and approvals for the feed gas connection.

13. Does AIDEA have Cook Inlet gas analysis?

**ANSWER:** No

14. Does AIDEA have information on potential Cook Inlet gas connections?

**ANSWER:** No
15. As a vendor, can I submit a proposal or do I need to work with a full integration partner?

ANSWER: The structure of the RFP and the proposals we are looking for would preclude the submittal of equipment alone.

16. I understand that AIDEA paid MWH for the work they did on the project in the past, as such I would assume this design work belongs to AIDEA. It seems appropriate that all responders should have access to any work that AIDEA has paid for.

ANSWER: All relevant/pertinent data prepared by Consultants and/or internal staff related to the IEP that is the property of the State will be posted to the IEP website for RFP holders to review at their discretion. We are in the process of scrubbing all past data and determining what has and has not already been posted.

17. What is the LNG product quality specification requested through this RFP?

ANSWER: Offerors are encouraged to research the market as it exists in Alaska today. There is no substantial difference between the gas composition required by Alaskan Natural Gas transmission/distribution companies currently operating in South Central Alaska and the Interior of Alaska and what will be expected as part of the IEP.

18. What natural gas feedstock specification should offerors assume for the delivered gas? Requested information is outlined in Appendix A.

ANSWER: See answer to 1 above.

19. Similar to the estimate presented for Fairbanks storage and distribution costs, what natural gas price assumption ($/mcf) should offerors use for determining overall supply chain cost to utility customers (both Cook Inlet and North Slope)?

ANSWER: Offerors are not required to submit natural gas price assumptions for either the North Slope or Cook Inlet proposals. The evaluation team will determine best estimates at the time of evaluation for determining estimates of the full supply chain costs to utility customers for comparing options. Offerors are only required to submit costs for portions of the supply chain they propose to provide.

20. Similar to the estimate presented for Fairbanks storage and distribution costs, what is the LNG transportation cost estimate ($/mcf) offerors should assume for determining an overall supply chain cost estimate to utility customers?

ANSWER: Offerors are not required to submit LNG transportation cost assumptions for either the North Slope or Cook Inlet proposals. The evaluation team will determine best estimates at the time of evaluation for determining estimates of the full supply chain costs to utility customers for comparing options. Offerors are only required to submit costs for portions of the supply chain they propose to provide.

21. For purposes of determining a project schedule, what dates should offerors assume for the following project related activities?

- MOU execution with the Interior Utilities (Golden Valley Electric Association, Fairbanks Natural Gas and Interior Gas Utility) with respect to an LNG purchase and sale agreement.
- Execution of a final LNG purchase and sale agreement.
- Execution of a gas supply contract.
Final AIDEA Board approval to release project funds.
First LNG deliveries to utility storage and distribution system.

ANSWER: The RFP calls for period of performance to begin January 2016. Dependent upon a host of issues i.e.; selected offeror’s inclusion/exclusion of gas supply under this RFP; results of the gas supply RFP; etc. It is expected that the selected offeror will work as expeditiously as possible with the AIDEA/AEA team to bring low cost energy to the Interior as soon as practicable.

22. What, if any, prevailing labor rates will be required for project components utilizing IEP/AIDEA financing?

ANSWER: There are no prevailing labor rates required to utilize IEP/AIDEA financing other than current statutory minimum wage requirements.

23. Will summary results of the recent DCCED gas supply RFP be made available to potential offerors prior to the August 3rd submission date?

ANSWER: No

24. What terms, rates and conditions can we assume for the equity, SETS and bonds represented as being available in the RFP for LNG for Fairbanks? Are there any limitations to which the funds maybe used?

ANSWER: The RFP addresses each of the financing options available from AIDEA. Guidance may also be taken from the authorizing statute.

**SETS Loan**

From the RFP: “An AIDEA SETS loan will have an interest rate of 0-3% and is capable of taking responsible project risk and delayed payments.”
From SB23: “the interest rate the authority may charge for financing authorized under (a) of this section provided from the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660) may not exceed three percent or the current market rate for commercial loans at the time the bonds are issued, whichever is less.”

“The authorization under (a) of this section constitutes legislative approval for the authority to exceed the limitations of AS 44.88.690 in providing the financing approved under (a) of this section. In providing the financing authorized under (a) of this section, the authority may waive any limitations or requirements of its regulations that are otherwise applicable to the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660).”

**SETS Bonds**

From the RFP: “AIDEA SETS bonds will be issued with market rates and commercial terms.”
From SB23: “As a part of the financing authorized under (a) of this section, the Alaska Industrial Development and Export Authority may issue bonds under AS 44.88.090 that are secured by a capital reserve fund (AS 44.88.105). Notwithstanding AS 44.88.105, in establishing a capital reserve fund for the bonds, the authority is not required to determine that the capital reserve fund is necessary to enhance the marketability of the bonds. The authority shall manage the capital reserve fund as provided in AS 44.88.105. The principal amount of the bonds authorized in this section may not exceed $150,000,000 plus the cost of capitalized interest, bond counsel fees, trustee fees, rating fees, financial advisor fees,
escrow costs, and other bond issuance costs that the authority considers reasonable and appropriate."

From SB23: “Notwithstanding the interest rate requirements of AS 44.88.159, the interest rate for financing authorized under (a) of this section provided from the proceeds of bonds authorized under this section may not exceed the interest rate to be paid on the bonds, plus an allowance that the authority establishes for its administrative expenses; however, the allowance for administrative expenses may not exceed 25 basis points. Notwithstanding any contrary provision of law, the interest rate limitations of this subsection supersede and replace any other requirements of law regarding the interest rates that the authority may charge for the financing authorized under (a) of this section.”

**AIDEA Equity**

From the RFP: “The capital appropriation (equity) can be invested by AIDEA into a project and earn no return.”

From SB18 (capital budget): “The unexpended and unobligated balance, not to exceed $57,500,000, of the appropriation made in sec. 2, ch. 15, SLA 2012, page 48, lines 10 - 16 (SB 25, fund capitalization, AIDEA sustainable energy transmission and supply development fund - $125,000,000) is re-appropriated to the Department of Commerce, Community, and Economic Development, Alaska Industrial Development and Export Authority, to advance the use of North Slope natural gas for a liquefied natural gas production and distribution system.”

All other terms and conditions remain the same.

**END OF ADDENDUM**

We appreciate your participation in this solicitation.

Sincerely,

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Contracting Officer  
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