QUESTIONS AND ANSWERS
PRE-STATEMENT QUALIFICATION CONFERENCE
held on September 8th, 2011 in San Juan, Puerto Rico by the
PUERTO RICO ENERGY AFFAIRS ADMINISTRATION

Pursuant with a Public Notice issued on August 11th, 2011 by the Puerto Rico Energy Affairs Administration, for the Pre-Statement Qualification for as needed Energy Savings Performance Contracts (ESPC), a Pre-Qualification Conference was held in San Juan, Puerto Rico on September 8th, 2011. This conference was not mandatory for the submission of a Statement of Qualifications (SOQ) and was intended for the sole purpose of reviewing the requirements of the Request For Qualifications (RFQ) and answering questions from the Energy Service Companies (ESCO) in attendance.

As stated that day, the questions made during the conference are hereby answered in writing.

Be advised that PREAA may rely on specialized advisers, independent consultants, and/or subject matter experts that will be part of the selection committee and thus may read, review and score the SOQs, as well as make final recommendations to PREAA. Due to the nature of the information available to the specialized advisers, independent consultants, and/or subject matter experts, each one of them shall be subject to a confidentiality and non-disclosure agreement.

Questions & Answers

1. **Q**: On the Attachment A of the RFQ – Response to this Request for Qualification, page 4, section 2.3 – Project References – It is not specific as to how many references an ESCO should include, nor whether or not the references should be categorized by market sectors. How many references should the response include?

   **A**: It is the ESCOs sole discretion to decide how many references to include in the SOQ and whether to categorize them by market sector. There is no minimum, nor a maximum of references to be included. Feel free to include as many or as little references as you would like to include. However, it would be convenient to include references from government related projects.

2. **Q**: On the Attachment A of the RFQ – Response to this Request for Qualification, page 4, section 2.3 – Project References – In case an ESCO has bought the assets of other companies, or have hired substantially all the employees of the other companies, and also have access to the products, the financial aspects of that hired company; can the ESCO include as a reference the project implemented by those employees and by those organizations that we have acquired?

   **A**: The ESCO may include as a project reference the projects implemented by the hired employees or acquired company. However, the ESCO should identify the project as such and specifically state the name of the hired employees or acquired company that implemented the project.
3. **Q**: There were technical problems in the PREAA website that were preventing Attachment D of the RFQ to be opened.

   **A**: Attachment D is now available at PREAA website, www.aae.gobierno.pr.

4. **Q**: The ESCO contract and the ESPC were not included in the RFQ. The only contract available was the Investment Grade Audit. Are they going to be available?

   **A**: Samples and templates of these contracts are available, free of charge, at the Energy Services Coalition website; www.energyservicescoalition.org.

5. **Q**: Is it required to be, at this stage, a company or legal entity registered in Puerto Rico, to participate in this RFQ?

   **A**: At the time of submittal of the SOQ it is required to be a registered entity or company in the Department of State of Puerto Rico. As established in the RFQ, section 2.1.9; a qualification to perform work with the Government of Puerto Rico will not be allowed to any firm or individual until evidence is submitted that said firm or individual has been qualified by the Department of State to do business in Puerto Rico.

6. **Q**: Once the ESCO goes through the RFQ process and is qualified, can the ESCO take the initiative and go to any given Government Unit and make a proposal or does the ESCO has to wait for a Request for Proposal to be posted by the Government Unit?

   **A**: At this point of the ESPC Program, nothing refrain the ESCO to make a proposal to a government unit or market their services. However, PREAA strongly suggests the ESCOs not to undertake any business with Government Unit until the Base Contract is duly executed with PREAA. The main reason is that once the ESCO is qualified under this program, the general intent is that the ESCO will be required to enter into a Base Contract with PREAA.

7. **Q**: Does PREAA have an idea as to the types of facilities and inventory that will be part of the ESPC Program? Has PREAA identified general problems, solutions and/or opportunities in the inventory of Government Unit facilities?

   **A**: As of today, PREAA has information regarding energy use in government facilities, as well as effective outreach to those officials in charge. In addition, once the Program starts, PREAA will assist by marketing program opportunities and benefits as well as identifying potential Government Units with needs in this area. Notwithstanding the above, the main purpose of the SOQ is to determine the ESCO’s proficiency in understanding the market and services within this area, specifically oriented to the portfolio of Government Units in Puerto Rico, and which should be the most appropriate energy saving methods to be implemented.

8. **Q**: Is there going to be some sort of government financing or is it required to bring a financing partner?

   **A**: The financing aspect of the ESPC Program is still under consideration. However, the ESCO is encouraged to include a summary stating their financial capabilities, strategies, and
potential structures applicable to assist a Government Unit with financing an ESPC project. Therefore, an ESPC financing solution might be required.

9. **Q**: Attachment A of the RFQ – Response to this Request for Qualification – requires ESCOs to include in their responses their Technical Approach and their Management Approach for the ESPC Program. Does that “approach” refer to the ESCO’s commitment to future projects, or is it a way to explore how each ESCO will answer those questions to determine if the ESCO is fit to participate in the ESPC Program?

   **A**: The responses to the Technical Approach and the Management Approach will let PREAA know how each ESCO operates or prefers to do business with Government Units. Please keep in mind that all the information presented in the SOQ is solely for pre-qualification purposes.

10. **Q**: Attachment A of the RFQ – Response to this Request for Qualification – section 3.4 – General Scope of Services – it is required to provide a brief comment preferably in 25 words or less, for each of the items listed to illustrate the ESCO capability. Since some of those sections include things that are difficult to cover in 25 words or less; does the requirement of 25 words or less continue throughout the entire section? If so, is it a basis for exclusion from the ESPC Program?

   **A**: The 25 words or fewer requirements are certainly preferred. However, if the ESCO feels it need to use more words in some sections, they could do so. This will not constitute grounds to disqualify them.

11. **Q**: Attachment A of the RFQ – Response to this Request for Qualification – section 7.2 – Compliance with the ESPC Program Requirements – the instructions are to state the ESCO’s commitment to adhere to the ESCO Contract, the Investment Grade Audit and Project Development Contract and the ESPC. Is it a requirement to include in the SOQ sample contracts for each of those, or does it only requires some comments on the ESCO’s commitment to those areas?

   **A**: Please refer to the model contracts available at the Energy Service Coalition (www.energyservicecoalition.org) that will eventually be used as reference in the ESPC Program. Pursuant to Section 7.2 each ESCO must affirm its commitment to adhering to those contracts.

12. **Q**: Does the ESPC Program only apply to the government, or does it include private companies?

   **A**: Yes. At this early stage of the ESPC Program, it only includes Government Units, as established in the RFQ.

13. **Q**: Given that this is the first time that an agenda like the ESPC Program is being implemented in Puerto Rico, why is PREAA requiring from ESCOs five years of experience in some aspects of the Program?

   **A**: Although PREAA’s ESPC Program as presented is new the ESPC market is not a new one and multiple companies exist and have been working for many years. If a company understands that they do not have the necessary experience, they could establish joint ventures with other companies with the necessary experience and financial capability. The
nature of these types of agreements and the guaranties associated therein require ESCOs to have the necessary experience knowledge and financial capability to protect the best interest of the Government of Puerto Rico.

14. **Q:** Attachment A of the RFQ – Response to this Request for Qualification – section 3.4.4.5; the RFQ requests assistance to the Government Unit in preparing annual reports for PREAA and for the ESPC Program. What kind of reports do PREAA anticipate writing?

   **A:** There are no specific reports to be prepared as of this stage, but within the annual reporting on the efficacy of the project, the ESCO might be required to assist PREAA in the creation of such reports.

15. **Q:** Attachment A of the RFQ – Response to this Request for Qualification – section 7.1 – Marketing and Promotion of the ESPC Program – the marketing support that is mentioned in this section, is the target audience internal, external or is it for the public audience?

   **A:** Initial marketing efforts are envisioned to occur first within the Government Sector. Initiatives to promote and educate stakeholders of the advantages of ESPCs and case studies are an ideal way of marketing the ESPC Program. PREAA has already started its outreach effort to promote the ESPC Program between eligible Government Units. Consequently, this marketing/educational effort will provide interested Government Units with a fair understanding of the advantages of the ESPC Program, the pre-qualified ESCO’s role and the scope of their participation in the process.

16. **Q:** What is the preferred format for submission of the SOQ?

   **A:** The preferred method of submission of the SOQ would be a CD with an electronic copy of the SOQ. Please remember that pursuant to Section 2.3.2 of the RFQ ESCOs are required to submit one electronic copy of the submittals. Each copy shall include only two files in a read-only file format. The Response shall be converted in its entirety to a single read-only formatted file. Similarly, the requested sample Investment Grade Audit Report shall be converted in its entirety to a read-only format and submitted as a single read-only file. The preference is to submit in writing, in a CD or on a writable electronic format, in a single package no later than 11:59 PM on September 23, 2011. Submittals with postage date later than September 23, 2011 will not be considered. Further, the ESCO could submit the SOQ via email.

17. **Q:** What kind of certification would the auditor used by the ESCO as part of the ESPC Program is required?

   **A:** The auditor must maintain in full force and effect the correspondent professional license issued by the Government of Puerto Rico. Furthermore, the auditor should demonstrate his fulfillment of continuous educational requirements, when applicable.

18. **Q:** For how long is the Pre-qualification going to be in effect?

   **A:** Pursuant to Section 1.0 of the RFQ the pre-qualified ESCOs will be effective for a four year term subject to annual update of their files in PREAA. Failure to do so will automatically eliminate the ESCO from the ESPC Program.
19. **Q:** Who will be in charge of the evaluation of the SOQ? Is the Selection Committee going to be composed of government personnel along with consultants?

   A: Pursuant to Section 2.4.1 the Selection Committee will be appointed by PREAA for with it may rely on specialized advisers, consultants, and/or subject matter experts that will review and score SOQs as well as make final recommendations to PREAA.

20. **Q:** Does the ESCO have to set pricing for overheads, profits, etc.? How long will those prices, overheads, etc. will be valid for? Could that change depending on which Government Unit the ESCO will be working on?

   A: Please refer to the model documents available at the Energy Service Coalition (www.energyservicecoalition.org) that will eventually be used as reference in the ESPC Program. The information provided in those model documents should be considered to determine whether or not the ESCO wishes to include such information on the SOQ. Please, keep in mind that this is not a contract. It is understood that the ESCO is NOT in negotiations with any Government Unit.

21. **Q:** Who is going to be the responsible party to pay for the third party doing the Measurement and Verification Plan?

   A: The purpose of the Measurement and Verification Plan is to verify that guaranteed savings are achieved after project is implemented. The final determination as to who will be the party paying for the Measurement and Verification Plan must be made between the Government Unit and the ESCO once a secondary selection process has taken place. Notwithstanding the above, ESCOs are encouraged to include their payment structure recommendations in the final agreement to be executed between the selected pre-qualified ESCO and the Government Unit.

22. **Q:** Are the Government Units that will be participating in the ESPC Program required to be debt free with other government agencies?

   A: Participating Government Units are not required to be debt-free with other government agencies in order to participate in the ESPC Program. Aside from reducing their dependence on foreign oil, Government Units participating in the ESPC Program will reduce their operational costs and their energy consumption, thus generating savings. Such savings could then be used to pay back their outstanding debt with other government agencies.