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Liquefied Natural Gas (LNG) Import and Trans-shipment Terminal in Curaçao -- Request for Proposals <u>Sections</u> <u>Instructions to Bidders</u>

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1. **DEFINITIONS**

Please note the following definitions of parties mentioned in this RFP:

Government of Curaçao ("GoC"): The Government of Curaçao.

<u>Curaçao Refinery ("Refinery")</u>: Oil refinery located in Willemstad harbour, Curaçao. Refinery began operation in 1915, and currently has a Crude distillation capacity of 320,000 barrel per day (bpd) and vacuum distillation of 195,000 bpd capacity. Refinery is under a long-term lease to Venezuelan oil and gas company Petróleos de Venezuela, S.A. ("PDVSA").

<u>Refineria di Korsou ("RdK"):</u> A government owned company that owns Refinery assets and the crude oil terminal and storage facilities located at Bullen Bay. RdK is the legal entity issuing the RFP.

<u>Multi-Disciplinary Project Team ("MDPT")</u>: The project team that has been mandated by the Government of Curaçao to manage and coordinate the project activities, and plan for the upgrade and modernization of Refinery. MDPT reports to Curaçao's Council of Ministers. MDPT is managing this RFP tender process on behalf of RdK.

<u>Refineria di Korsou and Multi-Disciplinary Project Team ("RdK/MDPT): In this RFP</u>, RdK is the legal entity issuing the RFP and MDPT is managing this RFP tender process on behalf of RdK.

<u>Refineria Isla (Curazao) S.A.</u> ("Isla"): An affiliate of PDVSA, in charge of the operation of Refinery.

<u>The Curaçao Water and Power Company ("Aqualectra")</u>: Curaçao's state-owned utility company. The company is responsible for the production and distribution of power and water, as well as, delivery of accompanying services. Aqualectra owns power generation plants on the island.

<u>The Curaçao Refinery Utilities B.V. ("CRU")</u>: A utility company fully owned by RdK. It supplies Isla with compressed air, process water, steam and electricity. It also supplies Aqualectra with any surplus power.

<u>Curaçao Oil NV ("Curoil"):</u> An oil products marketing and distribution company with its main base of operations located in Curaçao.

<u>Bullen Bay oil terminal ("Bullen Bay Terminal"): is located in an open and spacious</u> bay located 12.9 kilometers (8 miles) northwest of Willemstad. The oil terminal currently serves as storage and supply facility for Isla, as well as for crude and products' trans-shipment activities.

2. **INTRODUCTION**

2.1 <u>About Curaçao</u>

Location, size and population

Curaçao is located about 56.3 kilometers (35 miles) north of the coast of Venezuela. The island has a size of 444 square kilometers (171 square miles), with a length of 61 kilometers (38 miles) and a width between 5 and 14 kilometers (3 and 9 miles). Because of its modern international airport and up-to-date port facilities, combined with an advanced financial sector, stable government and a Dutch legal system, Curaçao is considered an important hub in the Caribbean, from which it is easy to access other Caribbean and Latin American destinations. According to the last Census which took place in 2011, the population of Curaçao consists of about 150,000 inhabitants.

Economic Overview

Curaçao has one of the highest standards of living in the Caribbean, with a GDP in 2013 of 5.6 billion Netherlands Antillean guilders (NAFI) and 5.7 billion NAFI in 2014 and a well-developed infrastructure.

According to the Ministry of Economic Development, the annual real GDP growth rate in Curaçao was -1.1% in 2014. The unemployment rate was 12.6% and the inflation rate was 1.5% in 2014.

Curaçao has strong business ties with the United States, Venezuela and the European Union. It has an Association Agreement with the European Union which allows companies that conduct business in and via Curaçao to export certain products to European markets without import duty payment and quota restrictions. It is also a participant in the US Caribbean Basin Initiative allowing it to have preferential access to the US market for certain products.

Main Industries

The main industries of the island include oil refining, tourism and financial services. Shipping, international trade and other activities related to the port of Willemstad also make a significant contribution to the economy. For its size, the island has a considerably diverse economy which does not rely solely on the tourism sector as is the case on many other Caribbean islands.

Historically, Curaçao has always played an important role in international commerce due to its strategic location, stable political situation, as well as its deep, wide and naturally sheltered harbor. The Ports of Curaçao are amongst the most modern and efficient container ports in the Caribbean. The Ports of Curaçao are all natural sheltered ports that offer safe, fast, efficient and reliable handling of both ships and cargo.

2.2 <u>About the Curaçao Refinery</u>

The Curaçao Refinery ("Refinery") was built in 1915 by Royal Dutch Shell and now owned by Refineria di Kòrsou ("RdK"). Since 1985, RdK has leased the facility to Venezuelan state-owned oil and gas Company Petróleos de Venezuela S.A. ("PDVSA"). The current lease agreement expires on December 31st, 2019. It produces gasoline, lubricants, diesel, jet fuel, propane and other products.

Refinery crude oil throughput is on average 210,000 to 230,000 barrels per day. The crude oil processing consists of a general fuels train, a paraffinic luboil processing train and the naphthenic luboil processing train. Refinery typically processes Venezuelan crude oil but has the capability to process crudes from a variety of sources.

The following facts and figures give a clear indication of the economic impact of the Refinery on Curaçao:

- Estimated between 11% 13% of GDP
- Responsible for 17% of foreign currency exchange
- Good for 1,100 direct jobs (highly skilled)
- Good for 2,000 3,000 indirect jobs (medium to high skilled)
- Direct impact on Curaçao as Bunker hub for ships
- Direct impact on the Curaçao Airport as fueling hub for airlines
- Key to maintaining the standard of living in Curaçao

Considering the fact that the lease agreement for the operation of Refinery of Curaçao expires in 2019, the Multi-Disciplinary Project Team ("MDPT") was mandated by Governance Ordinance of November 29, 2013 to explore options for the continuation of the operation of the refinery in its current location. In connection herewith, MDPT is in charge of developing a plan towards upgrading and modernizing the Refinery, to ensure it operates efficiently and competitively and complies with environmental norms. In doing so, the plan can minimize the impact on the environment, increase the production of white products and lower the sulfur level in the refined oil products.

The MDPT is mandated to negotiate a new lease agreement for Refinery (with participation of one or more strategic partners) which will generate maximum benefits for Curaçao. MDPT reports to Curaçao's Council of Ministers in connection with aforementioned. MDPT is managing this RFP tender process on behalf of RdK. *Exhibit 1* provides MDPT information on the future of Refinery.

2.3 <u>Modernization of Refinery</u>

The modernization plan for Refinery is designed to ensure that Refinery remains viable for at least 20 to 30 years. Refinery currently produces a heavy residual fuel oil which is used as fuel within the refinery and also by power plants in the refinery and externally. The combustion of this residual fuel oil is producing visible and significant particulate and acid gas pollution on the island. This is not compatible with the Government of Curaçao's ("GoC's") promotion of Curaçao as a premier tourist destination, nor is it beneficial to the health of the population on the island. In order to reduce the environmental impact of Refinery, the GoC has decided to replace residual fuel oil with natural gas as fuel use for the refining process. The natural gas will be delivered to the Delivery Point via a natural gas pipeline from a Regasification Unit that will be part of the proposed Liquefied Natural Gas ("LNG") Importation and Trans-shipment Terminal, including a LNG Storage Tank. GoC has decided that in order to ensure the import and trans-shipment of LNG, the LNG Terminal and Regasification Unit will be built in Bullen Bay.

By using natural gas as fuel in the modernized Refinery, the following benefits are achieved:

- Compliance with EURO 4 and future EURO 5 specifications;
- Refinery will also be able to use natural gas as feedstock for making hydrogen, which is required for the Hydro-treating processes;
- Natural gas can replace other fuels in Curaçao (for energy generation, transportation, cooking and also other uses)

In addition the modernization of Refinery will include, but not be limited to:

- Removal of sulfur from products;
- Increase in saleability of products;
- Improvement of Refinery margins;

2.4 <u>Objective of the LNG Import and Trans-shipment Terminal</u>

GoC believes that Curaçao has natural advantages as a trans-shipment location for oil and gas products. The Bullen Bay oil terminal ("Bullen Bay Terminal"), which is owned by RdK, already has extensive and well used oil storage and trans-shipment facilities. The location has a proven record of having little weather downtime and offers deep-water very close to the shoreline. The proposal is to utilize this natural asset and to add LNG import and trans-shipment terminal to the services offered there.

RdK and MDPT ("RdK/MDPT") are hereby pleased to invite interested companies, joint ventures or consortia ("Bidders") to submit a proposal to act as the natural gas supplier ("Natural Gas Supplier") in response to this Request for Proposal ("RFP"). Natural Gas Supplier is required to build, own and operate a LNG importation and trans-shipment terminal with LNG storage and regasification unit at Bullen Bay and to supply natural gas to Curaçao ("Project").

RdK is the legal entity issuing the RFP and MDPT is managing the tender process of this RFP on behalf of RdK.

The Project will consist of:

- 1. The design, financing, construction, operation and ownership of a LNG Importation and Trans-shipment Terminal with LNG Storage and a Regasification Unit and all Associated infrastructure ("Project Facility"), under a Build Own Operate ("BOO") structure within a Public Private Partnership ("PPP"), with target start-up date in 1st Quarter 2021 or earlier. This shall be located on the site provided by RdK in Bullen Bay Terminal, "Berth 0", and will be leased to Natural Gas Supplier on a long lease. The design and operation of the proposed Project Facility may employ either Land-Based or Floating Storage and Regasification Unit (FSRU) technology; AND
- 2. The design, financing, construction, operation and ownership of an onshore natural gas pipeline ("Pipeline"), also under the BOO structure, connecting Project Facility to natural gas delivery point ("Delivery Point") of natural gas buyers on the island ("Buyers") AND
- 3. The supply and coordination of LNG shipments to/from the Project Facility AND
- 4. The supply of natural gas at Delivery Point. Project will deliver natural gas under various Gas Sales and Purchase Agreements ("GSAs") with Buyers.

The Natural Gas Supplier is required to deliver an average annual daily rate as described in Section 4 of this Instruction to Bidders. The Natural Gas Supplier is also required to ensure an efficient and adequate supply and coordination of LNG delivery to and from the Project Facility.

A proposal conforming to this RFP is invited from your firm to provide items 1, 2, 3 and 4 above as required for Project.

3. **TENDER PROCESS**

The purpose of this process is to select a preferred bidder ("Preferred Bidder"), who will be granted an exclusive period of [12] months to complete: any design and cost estimation work required; confirm the gas/LNG supply; and negotiate in good faith binding agreements with RdK and final GSAs with Buyers that will be in conformance with term sheets in this RFP and Bidder's proposal. Please see Sections 12, 13, 14, 15 and the various Attachments.

4. INDICATIVE NATURAL GAS DEMAND FOR CURAÇAO

One key component of Refinery's upgrade is to reduce its environmental impact on the island by using natural gas as fuel for:

- Refinery combustion equipment (currently operated by PDVSA's subsidiary Refineria Isla ("Isla")),
- Power generation at The Curaçao Refinery Utilities B.V. ("CRU"), and The Curaçao Water and Power Company ("Aqualectra")
- Future hydrogen production at Refinery for hydro treating refined products.

• In addition to power generation and refinery combustion usage, LNG could be used as marine bunker fuel, as well as transport fuel on the island. A new housing development complex has also been identified as a potential source of gas demand. Curaçao Oil NV ("Curoil") has plans to develop such applications on the island if natural gas is made available.

Collectively, Isla, CRU, Aqualectra, and Curoil are hereby referred to as "Buyers". Figure 1 illustrates the geographical location of Curaçao's refinery units and power plants. Dokweg is a power plant owned and operated by Aqualectra. Natural gas will be delivered to a single delivery point in Refinery, which will be connected by pipeline to Project Facility by Natural Gas Supplier. Three separate metering stations will be provided by Natural Gas Supplier to measure the quantity of gas supplied under each GSA.

RdK/MDPT has assessed the potential local market demand for natural gas. Indicative gas demand forecasts were prepared for Isla, CRU, Aqualectra, and Curoil ("Curaçao Demand") in energy terms (MMBtu/day) based on average conditions and 365 days per year. The approximate gas demand in volume terms (MMcf/day) is based on the assumption of 1,050 Btu/cf. It is important to note that RdK/MDPT is in the process of finalizing the natural gas requirement for the island, and will communicate the finalized demand numbers to the Bidders during the RFP process.





<u>Refinery upgrade – Isla and CRU requirement</u>

A modernized Refinery will require natural gas in the following application:

• <u>As fuel source to power generation.</u> CRU operates electrical power generation facilities to supply Isla with electric power, and currently uses Heavy Resid locally produced by Isla as fuel for the steam boilers in the power plant. Total CRU capacity is estimated to be around 140 MW. Demand is expected to increase post-2022 with the additional power of 45 MWh required for steam and compressed air new units. CRU natural gas demand is estimated to start at around 57,750 MMBtu/day (55 MMcf/day) in 2020, increasing to 68,250 MMBtu/day (65 MMcf/day) in 2025, and stabilizing at this level thereafter.

<u>Isla process steam boiler system and fired heaters</u>. Contributing to current stack gas emissions are the Isla process steam boilers and fired heaters which also consume Heavy Resid. Introducing natural gas to displace high sulfur fuels at boilers and fired heaters and feeding new and modernized combustion equipment at Refinery would generate around 36,750 MMBtu/day (35 MMcf/day) of natural gas demand in 2020, increasing to 47,250 MMBtu/day (45 MMcf/day) by 2025. In addition to fuel for combustion, natural gas is planned for hydrogen production in Refinery post-2023. An estimated 34,650 MMBtu/day (33 MMcf/day) of natural gas is required for the products. In total, natural gas demand at Refinery facilities is expected to remain stable post 2025 at around 81,900 MMBtu/day (78 MMcf/day).

Refinery plans to install additional burners/modify burners as required to allow natural gas to be used. These modifications will be carried out on a rolling basis over a three to four year period during unit shutdowns.

Refinery has ample intermediate storage and can operate with individual units taken out of production for maintenance. The Refinery therefore operates 365 days per year and can offer a stable gas demand, year round.

Projected annual natural gas demand from Refinery for both the CRU power generation and Isla process steam boiler and fired heaters system are presented in Figure 2.



Figure 2 - Natural Gas Demand at RDK: Refinery + CRU (Annual Average Daily Rate)

Aqualectra: Curaçao's electric utility

Aqualectra is Curaçao's state-owned utility company. The company is responsible for the production and distribution of power and water as well as delivery of accompanying services. Aqualectra owns power generation plants on the island, and supplements its portfolio by contracting surplus power from the CRU generation at Refinery. Aqualectra today services approximately 72,000 households and companies through 150,000 electric and water meters.

Currently, most of Aqualectra electricity is produced using Heavy Resid from Refinery. The main two power plants generating electricity for Aqualectra are Dokweg and Isla Diesel Power Plant (together have capacity of around 116 MW, expected to increase to 136 MW when extension at Dokweg is operational in 2018). Natural gas would displace Heavy Resid as fuel for these plants and the diesel engines there would be converted. Aqualectra also receives power from two wind farms at Tera Kora and Playa Kanoa (total capacity of around 30 MW, projected to increase to 45 MW by the end of 2016). The company is also pursuing solar energy (total capacity of 15 MW, projected to increase to 55 MW by 2020). The renewable portion of the Aqualectra generation is therefore projected to increase (reaching close to 100 MW by 2020), while the demand for electricity in the island is projected to remain stable. This implies that the fossil generation will be decreasing as the renewable part is increasing.

For Aqualectra, peak demand is approximately 15% greater than the annual average daily rate provided in Figure 3 and Table 1 below. Around 2025, there will be a balance in the mix of power generation from fossil fuels and renewables, and no seasonality for gas consumption will be seen. *Exhibit 2* provides further details on Aqualectra power and natural gas projections.



Figure 3 - Aqualectra Natural Gas Demand (Annual Average Daily Rate)

Curoil: LNG as bunker fuel and transport fuel

RdK/MDPT projects that the supply of LNG as bunker fuel in Curaçao could start before 2024, when the new International Maritime Organization (IMO) marine bunker low sulfur specifications could become mandatory. Gradual introduction of LNG and natural gas for transport and households in new housing projects is also considered. Curoil estimates its requirement for natural gas to surpass 33,600 MMBtu/day (32 MMcf/day) by 2030, reaching 36,750 MMBtu/day (35 MMcf/day) by 2035.





Total Curaçao natural gas demand

RdK/MDPT has estimated the demand for natural gas through to 2035 based on projected refinery gas consumption, power generation needs at CRU and Aqualectra, and potential requirements for LNG as marine bunker fuel and for transport for Curoil.

The Base Case demand includes requirement for both RdK (CRU and Refinery needs) and Aqualectra, but is exclusive of Curoil demand. Current projections indicate that natural gas Base Case demand is expected to start at 150,150 MMBtu/day (approximately 143 MMcf/day) by 2020 and is projected to increase to around 166,950 MMBtu/day (approximately 159 MMcf/day) by 2025 on an annual average daily rate basis.

The High Case demand was calculated, inclusive of Curoil estimated requirements. The High Case total Curaçao demand case for natural gas is projected to increase to 182,700 MMBtu/day (174 MMcf/day) in 2025, and reach around199,500 MMBtu/day (190 MMcf/day) by 2035.

The graph in Figure 5 represents the annual gas requirements for Curaçao. Limited seasonality is foreseen considering the refinery and power generation plants will operate as base-load facilities.



Figure 5 – Curaçao Natural Gas Demand (Annual Average Daily Rate)

Table 1 - Cumulative Total Natural Gas Requirement

MMBtu/day	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Aqualectra	21000	21000	21000	18900	18900	16800	16800	15750	15750	14700	12600	12600	12600	12600	12600	12600
CRU	57750	63000	66150	66150	66150	68250	68250	68250	68250	68250	68250	68250	68250	68250	68250	68250
Refinery	71400	71400	76650	76650	78750	81900	81900	81900	81900	81900	81900	81900	81900	81900	81900	81900
Curoil	0	0	0	0	0	15750	21000	26250	29400	31500	33600	35700	35700	36750	36750	36750
TOTAL	150150	155400	163800	161700	163800	182700	187950	192150	195300	196350	196350	198450	198450	199500	199500	199500
MMcf/day	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Aqualectra	20	20	20	18	18	16	16	15	15	14	12	12	12	12	12	12
CRU	55	60	63	63	63	65	65	65	65	65	65	65	65	65	65	65
Refinery	68	68	73	73	75	78	78	78	78	78	78	78	78	78	78	78
Curoil	C	0	0	0	0	15	20	25	28	30	32	34	34	35	35	35
TOTAL	143	148	156	154	156	174	179	183	186	187	187	189	189	190	190	190
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5. NATURAL GAS SUPPLY FOR CURAÇAO

Currently, Curaçao has no domestic natural gas resources, and will require imports to satisfy its needs. The purpose of this RFP is to invite proposals for experienced

companies to provide natural gas to Curaçao. This RFP is not restrictive to one particular import technology, and RdK/MDPT is open to proposals using established, well proven natural gas import, storage and trans-shipment technologies that have been successfully implemented worldwide, with a good track record of safety and reliability. In its earlier pre-feasibility studies, RdK/MDPT had focused on LNG.

<u>LNG</u>: a well-established technology implemented worldwide at large scale for more than 50 years. In 2014, the global LNG trade was around 240 MMt/y (330 Bcm/y) – representing 30% of the globally traded (import/export between countries) natural gas. RdK/MDPT is also open to proposals using established and proven import terminal technologies, including conventional onshore LNG import terminals, and offshore based Floating and Regasification and Storage Unit ("FSRU").

While LNG is the preferred natural gas import and trans-shipment technology for Curacao, RdK/MDPT may consider other alternative technologies if Bidder can provide factual evidence of successful implementation and a similar or superior proven safety, environmental and operational track record as LNG. RdK/MDPT reserves the right to reject any alternative technology if it determines, in its sole judgement, that the alternative technology is inferior to LNG or unsuitable for Project application.

Parts of this RFP focus on LNG application (i.e. site selection, land lease agreements, port regulations, regulatory structure of an import terminal), reflecting on LNG's unique infrastructure requirements.

6. **REGULATORY STRUCTURE**

GoC is actively developing a regulatory structure for the importation of LNG into Curaçao. A draft LNG Regulatory Framework and Policy Term Sheet ("Regulatory Term Sheet") was developed as a first step in developing a policy and regulatory structure for LNG imports into the island. Regulatory Term Sheet is included in *Exhibit 3*.

At this stage, Regulatory Term Sheet is not intended to be either a binding document or an attempt to establish all the regulatory policy governing the importation of LNG into Curaçao. The Regulatory Term Sheet shall be replaced by the final LNG Policy once fully approved by the GoC.

Please refer to Regulatory Term Sheet for the following:

- LNG Import Project Regulatory Structure Access Regime
- LNG Import Project Commercial Structure
- Ownership and Operation of the LNG terminal
- Health, Safety and Environmental (HS&E) Standards
- Taxes and Other Incentives
- Technical Codes and Standards

Permits and Licenses

Two key aspects of the Regulatory Term Sheet are discussed in these Instructions to Bidders: Access Regime and Project Commercial Structure.

Access Regime: Exclusive Access Period

Figure 6 – Integrated Project Structure: Exclusive Access Period



Integrated Project Structure: Exclusive Access Period

For a period of fifteen [15] years ("Exclusive Access Period"), Natural Gas Supplier will be granted the sole right to supply natural gas to Buyers in Curaçao. During this period, Project shall operate within an integrated project structure ("Integrated Project Structure"). Under Integrated Project Structure, Natural Gas Supplier is responsible for the purchase and coordination of LNG supplies, as well as, shipping to its LNG Terminal Facility (comprising receiving, storage, regasification facilities and pipeline connectivity to delivery points). Natural Gas Supplier is also responsible for supplying natural gas to Buyers through separate GSAs. The largest of these buyers is expected to be RdK for supplying Refinery's needs. Other buyers are Aqualectra and Curoil as discussed in Section 4 of this Instruction to Bidders.

Unbundled Project Structure: Open Access Period



After the Exclusive Access Period, Project shall move to an unbundled project structure ("Unbundled Project Structure"), allowing open access to the terminal ("Open Access Period"). Under the Unbundled Project Structure, the physical assets and management of the import infrastructure shall be established as a separate legal entity ("Import Terminal Co"). The Import Terminal Co shall offer capacity to any potential supplier of natural gas or LNG to Curaçao on terms no less favorable than those agreed with Natural Gas Supplier. The tolling fee for use of facilities constructed and owned by Import Terminal Co shall be subjected to regulatory approval by the GoC. This tolling fee shall be based on a fair recovery of capital costs and an acceptable rate of return for a Curaçao location, and which will not be greater than the costs and rate of return offered in the tender for gas supply during the Exclusive Period as stated in the Bidder's offer.

Figure 7 – Transition to a more liberalized market

7. **PROJECT COMMERCIAL STRUCTURE**

Figure 8 - Contract requirements for LNG import terminal application



Build Own Operate (BOO) within a Public Private Partnership (PPP)

Natural Gas Supplier shall enter into a PPP with RdK (and/or such other affiliates and entities connected to RdK as may be required), through a BOO structure, of which the primary document shall be the Long-Lease Agreement described below. This structure shall be negotiated and finalized between Natural Gas Supplier and RdK. Under the BOO, Natural Gas Supplier is responsible for owning, financing, designing, building and operating the Project. The Natural Gas Supplier owns the Project and bears the commercial risk of operating Project Facility.

Gas Sales Agreements (GSAs)

Natural Gas Supplier shall enter into separate GSAs with Buyers. Initially the agreement will be in the form of preliminary Draft GSA Term Sheets ("GSA Term Sheets"). An initial, model draft of GSA Term Sheet is included in *Exhibit 4* of this RFP. GSA Term Sheet sets forth the key terms that RdK/MDPT requires to be eventually agreed in separate GSAs with each individual Buyer. The Bidder may take exceptions and deviations to the GSA Term Sheet by completing the Form of Exceptions and Deviations in *Attachment VI* as part of its response to this RFP.

RdK/MDPT and the successful Bidder shall replace the GSA Term Sheet with a fully termed GSA after negotiations between the parties to add to or extend the provisions of the GSA Term Sheet. Detail regarding the notification of selection of the preferred bidder and the execution of the GSA Term Sheet is provided in Section 15. At this stage it is anticipated that the GSA will follow generally accepted practice in the natural gas industry, such as the Association of International Petroleum Negotiators (AIPN) model

form agreement. Aside from pricing terms, which may differ due to the level of demand, the intention is to have a standard GSA model form for all buyers.

Long-Lease Agreement

Natural Gas Supplier shall enter into a <u>Long-Lease Agreement</u> with RdK, the owner of the land which has been determined as the site for an LNG import terminal. This is located in Bullen Bay, as explained in Section 8 of this Instruction to Bidders. A sketch of land ownership at Bullen Bay Terminal and adjoining areas is provided in *Exhibit 5*. A Draft of the Long-Lease Agreement is provided in *Exhibit 6*.

Port Agreements as required

Natural Gas Supplier shall enter into <u>Port Agreements</u> as required by Curaçao Ports Authority at Bullen Bay Terminal. These agreements shall establish port fees, logistics and procedures, services offered (including tug services), fees for these services, and lines of communication for ship arrivals and departures. *Exhibit 7* provides the current Terminal Information and Regulations governing the Bullen Bay Terminal. General information about port facilities, access procedures, traffic control, and port safety & security is provided on the Curaçao Ports Authority website (<u>http://www.curports.com</u>). The Curaçao Port Authority Directory is also provided in *Exhibit 8*. *Exhibit 9* is the Maritime Law and Regulations applicable on the Netherlands Antilles (including territory of Curaçao) – provided in original Dutch.

8. SITE SELECTION

Selected Site

Bullen Bay is an open and spacious bay located on the Southwest coast of Curaçao, 12.9 kilometers (8 miles) northwest of Willemstad. The oil terminal currently serves as a storage and supply facility for Isla, as well as for crude and products' trans-shipment activities. Crude can be transported from the storage tanks through pipelines to Refinery in the Port of Willemstad. Bunkering and underwater cleaning are also available at Bullen Bay.

Bullen Bay is remote from the major population centers of Curaçao. *Exhibit 10* and Figure 9 provide distances between Bullen Bay Terminal and potential future housing development called Harmonia. Bullen Bay also has easy access for arrival and departure of LNG ships with no interference from cruise ship traffic.

After investigating several potential sites all located at Bullen Bay, RdK/MDPT has determined that a new berth, labeled Berth 0 in Figure 10, and adjoining land is the selected option for siting of either an onshore or offshore LNG Terminal Facility ("Selected Site"). Selected Site is at the southeast tip of the Port of Bullen Bay, around 12 kilometers (7.5 miles) northwest of Refinery. *Exhibit 11* shows part of siting investigation performed by the project team. Figure 11 and Figure 12 are a depiction of onshore terminal and offshore/FSRU general concept at Selected Site.



Figure 9 – Proposed LNG Terminal Area

Figure 10 – Proposed Terminal Location for Bidders with LNG Terminal Plans



The offshore portion of the Selected Site will be located in suitable water depth for about 100 meters before becoming too deep for piling. Indications are that 20 meters bathymetric contour is at about 75 meters offshore.

Adequate maneuvering space and turning radius are available for the safe approach of LNG carriers from the West, and LNGC and FSRU would have unimpeded departure to the west. LNGC and FSRU would have to berth facing west, stern into wind. This takes into consideration preliminary assessment of met-ocean data, underwater contours, reefs and other obstructions, together with other port facilities and marine traffic.

The approximate coordinates of Selected Site are: 12°10'44.00"N (Latitude) and 69° 1'5.00"W (Longitude). The exact position for the facility however can be finalized after a full hydrographic survey of the area, with the berth position chosen to optimize safety of navigation and minimize costs. The sea survey area should include the berth area and the ship maneuvering area. The full hydrographic survey will be the responsibility of Natural Gas Supplier (builder of the terminal).

Benign weather and wave conditions characterize the Bullen Bay Facility site. Berth 0 offers a sheltered embayment with limited sea swell. Berth alignment is proposed East-West into the prevailing weather.



Figure 11 - New-Built Berth 0 - Onshore Terminal Concept at Bullen Bay



Figure 12 - New-Built Berth 0 - Offshore/FSRU Concept at Bullen Bay

The Onshore portion of the selected site is currently owned by RdK. This acreage highlighted in green in Figure 9 represents around 36 hectares for use for any onshore facility developments. Despite the lease agreement with PDVSA, RdK still has full ownership over the premises and installations. Access to the site and Right of Way ("ROW") regulations are discussed in *Exhibit 6* (Land Lease Agreement) provided as part of this RFP.

Please note the following site information:

- Bathymetry data is included in *Exhibit 12*.
- Wind data and hurricane history in Atlantic and Caribbean are included in *Exhibit 13*.
- Geotechnical data of offshore boreholes around the Jetty 2 location is included in *Exhibit 14*. Soil and land type of limestone formation at Bullen Bay is a combination of two types, Te and Tm; Te = various erosional terraces, dipping. Tm = Middle terraces, flat, partly slightly dipping. The subsoil composition map is also shown in *Exhibit 14*. Geotechnical and subsoil data should be considered for informational purposes only. The Preferred Bidder should <u>NOT</u> use this data as a basis for design, and should undertake their own boreholes study near the Jetty 0 location.

- Elevation contour lines are included in *Exhibit 15*. This data is provided as indication only, and the Preferred Bidder should perform their own elevation survey. Data provided in Exhibit 15 was gathered in 1988.
- Zoning Plan for the Bullen Bay Terminal Area is provided in *Exhibit 16.* The area of Selected Site has been designated as industrial area by the GoC.

Adequate space is available onshore to accommodate thermal and gas dispersion zones required for an LNG tank and potential LNG spill impoundment sumps. There is adequate space available to accommodate terminal process equipment and operating infrastructure (control room, workshop, vehicle parking, and other infrastructure). The site is cleared and will require minimal site preparation. However, it is important to note, Selected Site was previously used for transporting and storing refined products such as gasoline. There were many more tanks at this location, and operations may have involved the handling of gasoline containing lead additive. After Bullen Bay was rebuilt into an oil terminal, several of these tanks were removed and the oil terminal was expanded westward. It is the responsibility of the Bidder to check for potential soil contamination due to the historic use of the area and propose a course of action. Please see *Exhibit 17* for a representation of the original layout of tanks at the old Bullen Bay Terminal.

Natural Gas Delivery Pipeline

A natural gas delivery pipeline ("Send-out Pipeline") will need to be constructed to transport natural gas from the Project Facility at Bullen Bay to the Delivery Point at each Buyer's location in and around Refinery. Fiscalisation/Custody Transfer will take place at the Delivery Point. Buyers requiring the Send-out Pipeline connection include:

- Aqualectra power plant(s)
- CRU power plant(s)
- Refinery furnaces
- Curoil depending on its use of LNG and natural gas it is assumed that bunker marine operations would be at Bullen Bay in proximity to LNG import terminal

RdK/MDPT engaged Pagos & Servisios de Colombia S.A.S. ("P&S") to define the route and preliminary conceptual design of Send-out Pipeline. The P&S study is available upon request. The P&S study is provided for informational purposes only, it is the Bidder's responsibility to produce a final design that is applicable to Project.

Send-out Pipeline is to be designed to carry required natural gas to Buyers' meter stations located in the vicinity of Refinery, as described in Section 4, indicative natural gas demand for Curacao. Send-out Pipeline length is estimated at around 12.9 kilometers (8 miles). Approximate route of Pipeline is shown in *Exhibit 18* and Figure 13.

Send-out Pipeline is to be built according to accepted international standards of similar infrastructure. The design of the Send-out Pipeline outside the Refinery fence will be designed in conformance with ASME B31.8. The pipeline wall thickness calculations

(ASME B31.8) should assume that the entire pipeline route could eventually be laid in a densely populated residential area thus requiring greater wall thickness than pipeline laid in open country for interests of public safety. Inside the Refinery fence, the pipeline will be designed in conformance with ASME B31.3. P&S recommended the use of an API 5L Grade X42 SCH 40 STD pipe.

The design specifications and Send-out Pipeline properties were also determined in the "Curaçao CNG-LNG Terminal Feasibility Study" prepared by Shaw Consultants International, Inc. ("Shaw") dated June 25th 2012. The report specified that the Send-out pipeline shall be designed to have operating pressure of 3,447.32 KPa (500 psi), Diameter Nominal ("DN") of 300 (NPS 12), and flow of 137 MMscfd. Additional information on the report may be available upon request. The Shaw study is provided for informational purposes only, it is the Bidder's responsibility to produce a final design that is applicable to Project.

RdK will secure access to Pipeline ROW with width of 10 meters along the route of Send-out Pipeline to allow for construction and operation of Send-out Pipeline. At Delivery Point of gas, Natural Gas Supplier shall construct three separate gas metering/custody transfer stations to deliver gas to Buyers. Natural Gas Measurement and Metering shall ensure that the energy delivered to Buyers is measured in MMBtu, utilizing a Gas Chromatograph at each Custody Transfer Point.



Figure 13 - Natural Gas Pipeline indicative route to Refinery

9. **PROJECT SCOPE**

9.1 <u>Receipt of Natural Gas</u>

Natural Gas Supplier will arrange delivery of natural gas in accordance with delivery programs and schedules described in *Exhibit 4* (GSA Term Sheet). The approximate amount of natural gas delivered will be in accordance with gas demand profile shown in Section 4 of this Instruction to Bidders.

9.2 <u>Natural Gas Quality</u>

Natural Gas Supplier will offer natural gas at a quality within the range specified in *Exhibit 19*. Bidders shall state in their offer the actual specification offered and that will be guaranteed. This specification will be used in the basis of design for customers to convert their equipment.

9.3 <u>Supply of Natural Gas</u>

Curaçao requires delivery of annual average daily rate of natural gas as described in Section 4 of this Instruction to bidders.

9.4 Project

Natural Gas Supplier will be required to undertake all activities necessary and appropriate to deliver natural gas to the delivery points.

Natural Gas Supplier will be required to undertake (at a minimum) the following activities in developing and operating the Project:

- Select and justify the concept selected for Project.
- Obtain all approvals, licenses, and consents to develop, own, operate and maintain Project Facility. RdK/MDPT will actively assist Natural Gas Supplier to obtain all required domestic approvals and consents. Please see *Exhibit 3* (Regulatory Term Sheet), Clause 7 Permits and Licenses.
- Design, develop, operate and maintain Project to established international standards and norms. Please see *Exhibit 3* Clause 4 Health, Safety and Environmental Standards, as well as Clause 6 Technical Codes and Standards required for Project and Project Facility.

9.5 <u>Project Schedule</u>

Bidder shall clearly provide schedule for the Project execution and start-up as required in *Attachment I* (Form of Technical Proposal). RdK/MDPT's preferred target dates are as follows:

- Award of a Letter of Intent to Successful Bidder latest by 4th Quarter of 2016
- GSA and long-lease execution latest by 4th Quarter 2017,
- Start-up of the Project latest by 2nd Quarter 2021.

Figure 14 – Project Schedule Project Schedule



10. SITE ASSESSMENTS AND VISITS

10.1 <u>Site Assessment</u>

The Site Assessment Report and the preliminary conclusions in the RFP are intended to serve as guidance for the Bidder only.

Bidders are obligated to fully inform themselves of all local conditions and factors which may have an effect on its ability to execute the Project. It is the sole responsibility of the Bidders to determine, at its own cost and arrangement, any necessary and desirable matters and factors pertaining to the execution of Project, including but not limited to, the nature and condition of the sea, weather, terrain, geological conditions and other factors that may affect the cost, duration and execution of the Project.

10.2 <u>Site Visits</u>

Bidders are expected to make a site visit. RdK/MDPT will facilitate Bidders visiting the sites.

11. CONSORTIUMS, JOINT VENTURES AND SUB CONTRACTORS

Bidder is allowed to enter into joint venture, partnership, or consortium for the development, financing, construction and operation of Project. Bidder however shall retain majority shareholding, operatorship, overall responsibility and decision making power related to the Project.

Bidder is allowed to sub-contract portion of the Project's development activities. Subcontracting of some services shall not relieve the Bidder of any of its obligations or liabilities, and Bidder shall be responsible for the acts or omissions of any of its subcontractors as if they were the acts and omissions of the Bidder itself. Any subcontractor shall comply with any terms and conditions applicable to the portion of services to be performed by it.

12. GUIDELINES FOR THE PROJECT PROPOSAL

12.1 Documents Comprising the Bid

Bidder that desires to participate in RFP process shall submit the following forms, at the address provided in Section 12.3, no later than the date provided in Section 12.2:

- <u>Project Proposal</u>: Including Technical Proposal (*Attachment I*) and Price Proposal (*Attachment II*). The Price Proposal shall be submitted in a sealed envelope only. The Technical Proposal shall be submitted as two (2) original record copies and as one (1) electronic copy for distribution to the evaluation team, as described in Section 13 of this Instruction to Bidders.
- <u>Acknowledgement Letter:</u> signed Form of Acknowledgement (Attachment IV).
- <u>Confidentiality Agreement:</u> signed Form of Confidentiality Agreement (*Attachment V*).
- <u>Form of Exceptions/Deviations</u>: Technical Proposal shall include Form of Exceptions/Deviations (*Attachment VI*)
- <u>Covenant of Integrity:</u> signed Form of Covenant of Integrity (Attachment VII).

12.2 Proposed RFP Schedule

The following schedule provides the milestones and dates from the issuance of the RFPs through to RdK/MDPT selection of Preferred Bidder. Days are presented in <u>calendar</u> <u>days</u>.

Milestone	Date					
RdK/MDPT Issuance of RFP Public	Day zero (DZ)					
Notice	(Day Zero is June 15 th , 2016)					
Bidder Submission of Email Request to Participate in RFP	DZ + 14 (latest)					
Bidder Submission of executed Confidentiality Agreement*	DZ + 16 (latest)					
RdK Issuance of the RFP upon submission of executed Confidentiality Agreement	DZ + 20 (latest)					
Bidder Submission of Acknowledgement Letter and signed Covenant of Integrity	DZ + 42					
Bidder Submission of Clarifications to the RFP Documents	Continuous until DZ + 87					
Bidder Site Visits and Clarification Meeting	DZ + 47 to 57					
RdK/MDPT to Reissue Revised Sections of RFP to Reflect Clarifications	DZ + 97					
Bidder Submission of Technical, Pricing Proposals	DZ + 127					
Opening of Technical Proposal	DZ + 128					
Evaluation of Technical Proposal	Starting in DZ + 128					
Post Submission Meeting	Following Technical Proposal review					
Opening of Pricing Proposal	Following Technical Proposal review					
Selection of Preferred Bidder	Following Pricing Proposal review					

Table 2 - Milestones and RFP Schedule

All submissions by Bidder shall be made no later than 17:00 hours (Curaçao time) on the date for such submission as provided in this Section 12.2.

* The Confidentiality Agreement should be signed before RdK/MDPT grant Bidders access to the RFP data room.

12.3 <u>Communications</u>

All communication from the Bidder concerning the RFP process, including routine communication intended for clarification or scheduling purposes, submission of the deviations to the Project Documents (but excluding the submission of the Technical and Price Proposals which shall be submitted as indicated in Section 13.3), shall be submitted by electronic mail in Microsoft Word or PDF format (with a hard copy sent by courier) to:

Refineria di Korsou N.V./Multi-Disciplinary Project Team Mr. Jaime de Sola Project Manager Email: <u>info.lngrfpcuracao@rdknv.com</u> Ara Hill Top Building, Pletterijweg 1, P.O. Box 3627 Curacao Tel: +5999 888 0709 Fax: +5999 461 3377

12.4 Reservation of Rights

RdK/MDPT reserves the right to amend, modify, supplement or withdraw this RFP at any time and to reject any or all of the Project Proposals received without stating any cause and without any liability or obligation on the part of RdK/MDPT. RdK/MDPT is not obliged to proceed to contract awarding. RdK/MDPT shall notify the Bidder of the amendment, modification or supplement in writing by electronic mail. Any such amendment, modification or supplement to the RFPs shall be taken into account by the Bidder. In order to give the Bidders a reasonable time to take into account such amendment, modification or supplement in the preparation of its Project Proposal, MDPT may extend the schedule at its discretion.

12.5 <u>Clarifications of RFP Documents</u>

The Bidder may request clarifications to all documents comprising the RFP by completing the Form of Clarifications of RFP Documents (*Attachment VIII*).

The Bidder shall make any and all clarification requests promptly and as often as necessary. All requests for clarification shall be made by electronic mail and submitted no later than the deadline for submission of clarifications to the RFP Documents specified in Section 12.2. RdK/MDPT will not respond to any clarifications received after that time. RdK/MDPT may respond as frequently and as often as necessary to ensure prompt and timely communication with the Bidder. All responses by RdK/MDPT will be shared with all Bidders who have submitted the Forms of Acknowledgment Letter, Confidentiality Agreement, and Covenant of Integrity.

RdK/MDPT will hold clarification meetings for the Bidders. RdK/MDPT shall notify each Bidder of the date, time and location for the meeting. Clarification meetings shall be held in Curaçao. Only group meetings will be held, and all the questions received by RdK/MDPT, and answers provided by RdK/MDPT, will be shared with all Bidders. Any other mode of informal communication will not be permitted and considered invalid. Bidders shall be responsible for obtaining all visas and necessary travel documents. RdK/MDPT shall provide reasonable assistance with such visas if requested in writing by the Bidder.

12.6 Exceptions / Deviations to the GSA Term Sheet

The Bidder may take exceptions/deviations to the GSA Term Sheet by completing the Form of Exception & Deviations (*Attachment VI*).

12.7 Post-Submission Meetings

RdK/MDPT will notify the individual Bidder in writing of the dates in which RdK/MDPT and the Bidder shall meet to discuss the exceptions/deviations to the Term Sheet and the Proposals submitted by the Bidder in accordance with Section 12 and 13 in this Instruction to Bidders. All meetings shall be held in Curaçao or another location agreed by RdK/MDPT with advance notice from RdK/MDPT to the Bidder.

12.8 Costs and Expenses

The Bidder shall bear any and all costs and expenses incurred in relation to the preparation and submission of the Project Proposal, including but not limited to, costs and expenses for any investigation, fees and expenses of professional advisors, travel costs and expenses, and costs and expenses incurred as a result of any demonstrations, proposals, discussions and conferences. RdK/MDPT shall not be responsible or liable in any manner whatsoever for such costs and expenses regardless of the manner and outcome of the process.

12.9 Language of Proposal

All correspondence and documents relating to the RFPs shall be written in the English language. The Project Proposal shall be prepared and submitted in English.

12.10 Applicable Law and Disputes

The tender procedure, the tender documents and all related documentation are exclusively governed by the laws of Curaçao. Any dispute between the persons involved with the tendering procedure shall be submitted exclusively to the courts of Curaçao.

12.11 Local Conditions

Bidder is required to fully inform itself of all local conditions and factors and all local, state and central/national laws, regulations and guidelines which may have an effect on its ability to execute Project. Bidder shall have the sole responsibility to determine and to satisfy itself by such means as it considers necessary or desirable as to all the matters pertaining to the execution of Project, including the precise location of Project, the nature and condition of the sea, weather, terrain, geological conditions at the site, availability of water and electric power, roads, transportation, the location of other natural materials to be used in Project and all other factors that may affect the cost, duration and execution of Project. RdK/MDPT shall assume no responsibility regarding any interpretation made by Bidder from the information furnished by RdK/MDPT. No verbal agreement or conversation with any Director, officer, employee, representative or agent of RdK/MDPT shall affect or modify any of the terms or obligations of RdK/MDPT and Bidder contained in the RFP.

13. FORMAT OF SUBMISSION OF PROJECT PROPOSAL

Bidder will submit its proposals, consisting of *Attachment I* – Form of Technical Proposal and *Attachment II* – Form of Price Proposal (collectively, the "<u>Project Proposal</u>") in accordance with this Section 13.

13.1 <u>Technical Proposal</u>

The Bidder shall respond to the general requirements for the Technical Proposal by providing its responses as per *Attachment I* – Form of Technical Proposal.

13.2 <u>Price Proposal</u>

The Bidder shall submit its **sealed** price proposal in US dollars (\$) as per *Attachment* II – Form of Price Proposal, which shall remain sealed until the assessment of the Technical Proposal has been fully completed.

13.3 <u>Submission of Project Proposal</u>

An independent Notary Public has been appointed by RdK/MDPT to receive the Project Proposal. In order to enhance the transparency, the Notary Public has been instructed to keep the Project proposal to remain sealed and locked in a secure location until the date of the opening of the Technical Proposal and Pricing Proposal as described in Section 12.2.

The Bidder will submit its Project Proposal by courier or hand-delivery to:

Notary Public Address (To be advised to Bidders at a later date during the RFP process)

13.3.1 Submission of Technical Proposal

The Bidder shall submit their Technical Proposal to RdK/MDPT no later than the deadline for submission of the Technical Proposal as provided in Section 12.2. Proposals submitted after the deadline for submission of the Technical Proposal will **not** be considered.

13.3.2 Submission of Price Proposal

The Bidder shall submit its Price Proposal to RdK/MDPT no later than the deadline for submission of the Price Proposal as provided in Section 12.2. Proposals submitted after the deadline for submission of the Price Proposal **will not** be considered.

- 13.4 Format of Submissions
- 13.4.1 Technical Proposal

Technical Proposal shall consist of sealed two (2) original record copies in hard copy/paper format and one (1) electronic copy for distribution to the evaluation team. The paper format should be well organized in bound book or ring binder format with separators between each major section. Sections should be sequentially numbered and clearly identified to allow for easy navigation.

The electronic format shall be well organized on a CD, DVD or USB drive, protectively included in the package, with each folder and file clearly sequentially numbered and clearly identified to allow for easy navigation. Documents that require signatures shall be hand signed before conversion to PDF format.

In the event there is any discrepancy between the original record copies in hard copy/paper format and the electronic copy. The hard copy shall govern.

It is the Bidder's responsibility to ensure that the electronic copy aligns with the paper original.

13.4.2 Price Proposal

The sealed Price Proposal shall consist of one (1) original in hard copy/paper format that shall carry the signature of the authorized person with company seal / stamp.

13.5 Labelling of Submission

The Bidder shall clearly label the overall proposal package in large and bold lettering as follows:

RdK/MDPT – REQUEST FOR PROPOSALS FOR LNG IMPORT AND TRANS-SHIPMENT TERMINAL IN CURAÇAO

CONFIDENTIAL

DO NOT OPEN EXCEPT BY AUTHORIZED PERSON

Technical Proposal should be clearly labeled as TECHNICAL PROPOSAL. The Technical Proposal shall be sealed separately to the Price Proposal.

The Price Proposal should be clearly labelled as PRICE PROPOSAL. The Price Proposal shall be sealed in a separate envelope to the Technical Proposal.

13.6 <u>Bid Bond</u>

No Bid Bond will be required at this stage of the proposal.

13.7 Validity of Project Proposal

The proposals shall be valid for one-hundred and eighty (180) Days from the date of submission of the proposals. Rates, schedules, and all other terms and conditions shall be fixed and firm throughout such period. RdK/MDPT may request the extension of the period of validity of the bid. The request for extension of the period of validity of the bid shall not be made to the Bidder that, in the opinion of RdK/MDPT shall not be considered for the Project. The Bidder may not derive any claim to the assignment from such a request.

14. **EVALUATION CRITERIA**

14.1 <u>Selection of Preferred Bidder</u>

Bids passing the Technical Assessment will be evaluated based on the Pricing Assessment.

Requirements of both the Technical and Pricing Assessments are provided in the Technical Proposal (*Attachment I*) and Pricing Proposal (*Attachment II*). The selection of the Bidder will be based on the following evaluation criteria:

14.1.1 Technical Assessment

RdK/MDPT seeks the participation of experienced Bidders in providing the services described. The Technical Assessment will be performed by evaluating Bidder's Technical Proposal (*Attachment I*) and based on pass-fail system. The Bidder shall comply with <u>all</u> the following criteria.

- Natural Gas and LNG Experience The Bidder must demonstrate established and credible prior experiences in the natural gas industry and in the applicable parts of the supply chain they are providing (e.g., LNG import terminal, FSRU, pipeline development and operation). Bidder must demonstrate prior experiences in leading a minimum of two similar projects globally.
- Access to natural gas supply The Bidder must demonstrate access to natural gas supplies and establish the source of sufficient natural gas supply to Project. If the source of gas is a project that has not yet taken FID, then the bidder must provide evidence of their contingency plan should their gas source fail to meet the required schedule. Bidders must also have a clear plan to deliver gas to Curaçao, e.g. control of adequate shipping or a detailed plan to secure sufficient shipping and evidence of sufficient resources to achieve this.
- LNG Trans-shipment Plan RdK/MDPT believe that Bullen Bay is an attractive location for LNG Trans-shipment, e.g. into smaller ships for delivery to smaller islands. The Bidder shall outline their plan for Trans-shipment and in the Price Proposal, the projected fee per Million Btu that the Bidder will pay for the right to trans-ship.
- **Technical Know-How** The Bidder must have the technical know-how and capability to execute and deliver the Project and provide the proposed services. The firm, joint venture or consortium needs to demonstrate experience of successfully developing a minimum of <u>two</u> similar projects in operation worldwide.
- **Financial Strength** The Bidder must have the financial strength and ability to execute and deliver on the Project and provide the proposed services. RdK/MDPT may consider that the financial strength criterion is satisfied by:
 - Investment grade or above rating by a recognized rating agency is preferred; or

- If no rating is available, proof of revenues above US \$500 million per year over the last <u>3 years</u> is required.
- If a Bidder cannot meet these criteria, then Bidder shall state clearly its Financing Plan that shows it has sufficient funds to undertake all work required to reach Final Investment Decision ("FID"). Bidder shall provide documentation from any potential lender to the Project that clearly expresses their interest in supporting the Bidder. The RdK/MDPT will carefully consider the Financing Plan and may accept this at their sole discretion.
- Management Capacity The Bidder must have the management capacity, skills and depth to manage the Project, to provide the proposed services and interact with key stakeholders. The firm, joint venture or consortium, or their staff, needs to demonstrate successful management of <u>at least two</u> onshore <u>or</u> offshore energy projects.
- Technical feasibility of technology concept proposed for Project The Bidder must provide conceptual design of import facility ("Facility") and technology. Technology used has to be established and proven, and <u>used in at least two other projects globally</u>.

In addition, Bidders should also provide details on the following:

- Project implementation plan how they intend to execute the project, including detailing any major subcontracts
- Schedule of project implementation when key activities will be achieved. A detailed schedule shall be provided for the work identified to achieve FID including key tasks and dates to achieve these
- Operational availability and system reliability
- Agreement/deviation from GSA Term Sheet
- General Project and Bidder Information

RdK/MDPT reserves the right to review all information submitted by Bidder. RdK/MDPT reserves the right to disqualify any bidders if RdK/MDPT determines, in its sole judgement, that the Bidder is technically and/or financially or otherwise incapable of executing the project.

14.1.2 Pricing Assessment

The Pricing Assessment will be performed by evaluating Bidder's Pricing Proposal (*Attachment II*). Only Bidders that passed the Technical Assessment will be considered for the Pricing Assessment. In principle, the lowest priced bid in the Pricing Assessment will be selected as the Preferred Bidder. As described in the Price Proposal (*Attachment II*), the sales price will consist of:

- Capacity Charge: fixed component that reflects the fixed costs
- Commodity charge: reflects both the variable costs and the charge for delivered gas or LNG

RdK/MDPT reserves the right to disqualify any bidders if RdK/MDPT determines, in its sole judgement, that the Price Proposal does not meet or reflect the requirements of the RFP.

14.2 Accuracy of Project Proposal

In the submission of the proposals, the Bidder warrants the accuracy of the information provided. The Bidder further agrees that it will promptly notify RdK/MDPT of any changes in its financial information as provided pursuant to *Attachment I* or of any changes to any other information provided as part of its proposals. Any failure by the Bidder to provide accurate and updated information hereunder may result in the disqualification of the Bidder from the process.

14.3 Non-Compliant Bids

RdK/MDPT would welcome any non-compliant bid that satisfies the natural gas supply volume and quality requirements of Curaçao in a more efficient manner than envisaged in this RFP without compromising any safety, environmental, operational or financial requirements.

14.4 <u>Clarifications of Project Proposal</u>

The Bidder shall ensure that its Project Proposal is complete and accurately addresses the requirements set forth in *Attachment I* and *Attachment II*. RdK/MDPT may request clarification in writing from the Bidder regarding its Project Proposal. The intent of this clarification is for RdK/MDPT to obtain a clear and correct understanding of the Project Proposal. Clarification is not intended for the Bidder to modify its Project Proposal in any substantive way whatsoever. The Bidder shall respond expeditiously to the RdK/MDPT's request for clarification in order to facilitate a thorough and timely evaluation of the Project Proposal.

15. THE NOTIFICATION OF SELECTION OF THE PREFERRED BIDDER AND THE EXECUTION OF THE GSA TERM SHEET

15.1 Letter of Intent

After submission and evaluation of the Proposals, RdK/MDPT shall notify the Bidder that best satisfies the key criteria of schedule, price, proposed delivery performance and degree of alignment on commercial terms that its Project Proposal has been accepted by RdK/MDPT (such notification, a "Letter of Intent" shown in *Attachment III*). The Bidder that receives a Letter of Intent from RdK/MDPT is hereinafter referred to as the "<u>Preferred Bidder</u>". RdK/MDPT may request that all responsive Bidders extend the validity of their respective Project Proposals.

15.2 Execution of the GSA Term Sheet

RdK/MDPT shall send to the Preferred Bidder a draft GSA Term Sheet with the issuance of the Letter of Intent. The Preferred Bidder and RdK/MDPT shall execute the GSA Term Sheet within thirty (30) days of the issuance of the Letter of Intent.

15.3 Execution of the GSAs

After the execution of the GSA Term Sheet, RdK/MDPT and the Preferred Bidder shall replace the GSA Term Sheet with a fully termed GSA after negotiations between the RdK/MDPT, Preferred Bidder and the Buyers to add to or extend the provisions of the GSA Term Sheet. The Preferred Bidder will be granted an exclusive period of [12] months to negotiate in good faith the binding, fully-termed, GSA.

The RdK/MDPT will evaluate progress towards Execution of the GSAs and FID by the Bidder using the schedule information provided by Bidder. If, in the sole opinion of the RdK/MDPT, the Bidder is failing to proceed with reasonable diligence and good faith to conclude the GSAs, then RdK/MDPT will serve 30 days-notice that it intends to replace the preferred Bidder.

16. **PUBLICITY**

All announcements, communications and documents published or statements made by the Bidder or on its behalf relating to this RFP will only be made or published with the prior written consent of RdK/MDPT, and will be true, fair, considered and accurate. If RdK/MDPT's consent is not obtained under this clause, RdK/MDPT shall be entitled to publish any announcements or documents it thinks fit in RdK/MDPT's interest and to require the Bidder to vary or withdraw the relevant announcement, communication, document or statement.

17. **DISCLAIMER**

The information contained in this RFP has been prepared to assist the Bidder in making its own evaluation of the Project and does not purport to contain all of the information that such Bidder may desire with respect to the Project. In all cases, the Bidder is required to conduct its own due diligence, investigation and analysis. None of RdK/MDPT or its directors, officers, employees or advisors may make any representation or warranty, express or implied, as to the accuracy or completeness of this RFP or the information contained herein and none of RdK/MDPT or its directors, officers, employees or advisors shall have any liability for the information contained in, or omitted from this RFP, nor for any of the written, oral, electronic or other communications transmitted to the Bidder in the course of the Bidder's investigation and evaluation of the Project and submission of its Project Proposal pursuant to this RFP. Only those representations and warranties that are made in a definitive written agreement, when and if executed, and subject to any limitations and restrictions as may be specified in such definitive written agreement, shall have any legal effect. Each Bidder shall be responsible for its own independent evaluation and assessment of the Project and should consult its own professional advisors and consultants.