

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 18-09
)
The Application of the Guam Power)
Authority for an increase in the Stanley) **PUC COUNSEL REPORT**
Engineering, Procurement and)
Construction Management (EPCM))
Contract.)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for an Increase in the Stanley Engineering, Procurement and Construction Management (EPCM) Contract.¹

BACKGROUND

2. In the present Petition, GPA seeks an increase for the Stanley EPCM contract in the amount of \$650,000 for consulting and technical services through September 2018.²
3. In GPA Docket 17-05, on October 27, 2016, the PUC authorized GPA to procure a contract for Engineering Procurement, Construction, and Management Services related to the new generation through a separate procurement.³
4. In addition, on October 27, 2016, in GPA Docket 15-05, the PUC authorized GPA to expend \$750,000 for an EPCM contractor for the proposed new plant, to be paid from the 2014 bond fund allocation for LNG Initial Startup.⁴
5. In March 2017, GPA selected Stanley Consultants through GPA RFP 17-001 as the Engineering, Procurement and Construction Management (EPCM) contractor for the new 180MW power plant.⁵

¹ GPA Petition for an Increase in the Stanley Engineering Procurement and Construction Management (EPCM) Contract, GPA Docket 18-09, filed March 9, 2018.

² Id. at p. 1.

³ PUC Order, GPA Docket 17-05, dated October 27, 2016, at p. 4.

⁴ PUC Order, GPA Docket 15-05, dated October 27, 2016 at p. 9.

⁵ GPA Petition for an Increase in the Stanley Engineering Procurement and Construction Management (EPCM) Contract, GPA Docket 18-09, filed March 9, 2018, at p. 1.

6. Upon receipt of the Petition, Counsel issued PUC Requests for Information to GPA. GPA's Responses to the Requests, and a portion of the material submitted in response, are made Attachment "1" hereto.
7. Initially, a main task of the EPCM Contractor was the development of bid documents for the 180MW plant and the selection of a bidder. This process is now ongoing, and GPA anticipates that the bid documents will be completed in the next month or two.
8. However, the EPCM has recently taken on additional tasks and responsibilities, including assisting GPA in the process of new power plant land acquisition work.
9. Stanley's activities have also included preparing for legislative and other public hearings and responding to issues raised in those forums.⁶
10. In the current Petition, GPA requests that the PUC approve an increase for the Stanley EPCM contract in the amount of \$650,000, for a total of \$1.4M for consulting and technical services through September 2018.⁷
11. In Resolution No. 2018-05, the Guam Consolidated Commission on Utilities authorized GPA to increase the Stanley EPCM contract by \$650K for a contract total of \$1.4M for consulting and technical services through September 2018; GPA was further authorized to petition the PUC for approval of such increase.⁸
12. The Resolution recognizes that, in addition to the drafting of bid documents and the RFQ/Technical Bid Documents, Stanley was involved with technical discussions concerning the IPP scope and support for current land rezoning efforts. Additional funds were also required to complete the bid documents, including final land details, incorporation of LNG details, addressing of regulatory requirements, and support for procurement activities such as response to bidder questions.⁹

⁶ GPA Response to PUC Requests for Information, GPA Docket 18-09, dated March 20, 2018, at Responses 2 & 3.

⁷ GPA Petition for an Increase in the Stanley Engineering Procurement and Construction Management (EPCM) Contract, GPA Docket 18-09, filed March 9, 2018, at p. 2.

⁸ Guam Consolidated Commission on Utilities, Resolution No. 2018-05, Relative to Authorization of Increase for Engineering, Procurement, and Construction Management Contract Amount, adopted February 27, 2018.

⁹ Id. at pgs. 1-2.

ANALYSIS

13. In public hearings on the new generation between October 4 and 6, 2016, General Manager Benavente of GPA indicated that the proposed EPCM was "a onetime expense" and that the total cost would be \$750,000, to be funded from 2014 Bond Funds.¹⁰
14. Counsel had concluded that the total cost for EPCM contract would be \$750,000; however, such does not appear to be the case.
15. It is understandable that issues concerning the land purchase for the new plant and legislative hearings on such issues have required that EPCM to do additional work. However, it now appears that the tasks associated with this 5-year EPCM contract, will greatly exceed that originally anticipated.
16. The EPCM Contract with Stanley was effective March 2017 for a base period of three years, but also allows for an extension of two additional years, which means that Stanley Consultants will be rendering services for GPA through 2022.
17. As the documentation submitted by GPA provides, Stanley Consultants is working with a large cadre of subconsultants, such as K&M Advisors LLC, Pond & Company, EA Engineering, Science and Technology, PBC, Ruder Integrated Marketing Services, etc. Some of these consultants bill up to \$300 per hour.
18. To date, GPA has not provided a clear answer of what the total projected cost for Stanley Consultants will be under the EPCM contract. Counsel asked GPA for an estimate of the total amount of funds that it intended to expend on the Stanley contract through 2022.
19. GPA indicated that it was requesting such information from Stanley but has not provided a satisfactory answer to date. GPA "has requested this from Stanley"; the response "is presently not available but we anticipate a first submittal within two weeks."
20. At present, Counsel is not fully advised as to the scope and total cost of the Stanley contract. He is therefore unable to fully advise the PUC as to what approach should be taken with regard to the Stanley Contract.

¹⁰ PUC Order, GPA Docket 17-05, dated October 27, 2016, at §17, p. 3.

21. GPA has indicated that, even after the completion of the bid documents and the bidder selection process, Stanley will remain as the EPCM contractor, as Owner's Representative. According to GPA, Stanley may also receive some percentage of the total bid amount as a fee for owner's representative. This matter is still being considered, but, to date, has not been clarified.
22. GPA has provided justification for the additional increase sought of \$650,000. However, many questions remain, and it would not be appropriate for the PUC to approve any additional increases unless the total cost and long-term scope of the EPCM contract is clarified.
23. Counsel also believes that GPA should do more to limit the scope and cost of this contract. It is not clear why Stanley is needed to "develop a plan for obtaining CCU and PUC approval." If the project is justified, at a reasonable cost, there should be no issue with obtaining such approvals.
24. Stanley proposes to retain a "community outreach specialist". Stanley's "public relations support team" would be assisting the GPA PAO office "to assist with public relations and outreach initiatives...". Some of these tasks are reminiscent of those under the Armstrong contract that was previously addressed by the PUC.
25. GPA could do more to cut the cost and expense of the EPCM contract by limiting its scope to essentials and narrowing or eliminating some of the tasks.
26. The contract documents create an impression that Stanley Consultants may be viewed by GPA as having a role for the duration of a 25-year contract with the Independent Power Producer for the new power plant. If that is the case, the PUC should be advised now of that contemplated role.

RECOMMENDATION

27. Counsel recommends a limited approval for GPA's request to increase funds for the Stanley EPCM contract.
28. An Increase in the amount of \$650,000 through September 2018 should be approved.
29. However, within 60 days of the PUC Order in this Docket, GPA should provide a budget for the entire length and scope of the EPCM contract with Stanley Consultants. GPA should indicate the total amounts which it intends to expend on this contract, its duration, and any other tasks for which it intends to retain Stanley (such as Owner's Representative).

30. GPA should undertake efforts to limit the scope and cost of the Stanley EPCM contract, and advise the PUC in its report' within 60 days, of what efforts it will take. Counsel does not believe that the lobbying efforts or marketing initiatives are necessary.
31. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 26th day of March, 2018.

Frederick J. Horecky
PUC Legal Counsel

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	GPA Docket 18-09
)	
The Application of the Guam Power)	PUC REQUESTS FOR INFORMATION
Authority for an Increase in the Stanley)	
Engineering, Procurement and)	
Construction Management (EPCM))	
<u>Contract.</u>		

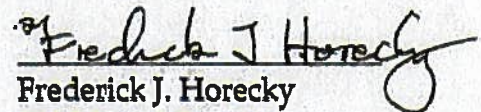
The Guam Public Utilities Commission ["PUC"] hereby requests that the Guam Power Authority ["GPA"] respond to the enclosed Requests for Information on or before March 20, 2018:

1. Provide a copy of the contract between Stanley Consultants and GPA.
2. Why is a proposed increase in the Stanley EPCM contract of \$650,000 necessary? In Public Hearings on the new generation between October 4 and 6, 2016, General Manager Benavente indicated that the proposed EPCM contract was "a onetime expense" and that the total cost would be \$750,000, to be funded from 2014 Bond Funds. Does GPA's present request for additional funds indicate that Mr. Benavente's statements at the Public Hearings inaccurate or erroneous?
3. What change(s) occurred that require GPA to now seek additional funds for the contract?
4. What is the justification or rationale for an \$650,000 increase in the Stanley Contract? Resolution No. 2018-05 indicates that "additional funds are required to complete the bid documents", to include "final land details" on certain matters, to incorporate LNG details, to address regulatory requirements, and to support procurement activities including responses to bidder questions..." These are all standard matters that would have been included in the contract regarding procurement from the beginning. Why weren't all of these matters anticipated when the original contract was entered into?
5. Shouldn't all of these matters have been known to GPA and have been included in its cost estimates at the commencement of the contract? If not, why not?
6. What efforts has GPA made to negotiate or mitigate this cost increase? Did GPA negotiate the price increase with Stanley? Were these costs anticipated when the contract was entered into?

7. Initially GPA indicated that the EPCM Contract would be fully funded from Bond Funds. Now it is requesting that the increase of \$650K be funded from the FY2018 CIP budget. Why has GPA altered its original determination to fund the Stanley Contract from bond funds?
8. Are there bond funds available or which could be reprogrammed for this purpose? Is there any balance of the initial LNG start-up funds?
9. Please provide a breakdown of all expenses incurred to date on the Stanley Contract, and the purpose for which each expenditure was made.
10. What is the status of the bid documents that Stanley prepared for the new generation project? Are any drafts of the bid documents completed? If no bid documents are completed, what percentage of the work on the bid documents is completed?
11. Please provide a statement of hourly rates charged by Stanley under the EPCM Contract, and the hourly rates of any other contractor or subcontractor providing services under the contract.
12. CCU Resolution No. 2018-05 indicates that GPA approved an FY2018 CIP budget of \$800,000 for the EPCM contract. Why does GPA's current petition then request a \$650,000 increase for the contract?
13. Please indicate the total amount of funds that have been paid to date on the Procurement of Environmental Engineering and Technical Services (GPA Docket 17-05) to TRC Environmental Corporation, and any breakdown of amounts paid for which services rendered.
14. Is TRC performing any services for GPA related to new generation and the procurement process? If so, specify what services and the cost thereof.
15. Please provide a cost breakdown for each of the four item which the CCU lists in Resolution No. 2018-05 which require "additional funds to complete the bid documents".
16. The original term of Stanley Contract was five (5) years from March 2017. Why is it necessary to increase the contract cost to "cover services through September 2018" when it was already anticipated that the contract would have a 5-year term?

17. If the increase requested to cover services only through September to 18 as anticipated to be \$650,000, what further increases does GPA expect to expend for additional consulting and technical services through February 2022? Indicate the total amount that GPA forecasts to spend on this contract through February 2022.
18. Identify in full all of the contractors and subcontractors that are working with Stanley on this project, as listed on GPA EPCM Budget Forecast R1, dated February 6, 2018.
19. The February 6, 2018 GPA EPCM Budget Forecast R1 indicates an estimated grand total expenditure of \$1,728,106 through January 2019. How does GPA intend to pay the shortfall of \$328,000, since it only requests authorization to expend \$1.4M in this petition?
20. Can PUC anticipate that GPA will make an additional funding request(s) to cover the shortfall on the \$1.4M requested through September 2018?
21. Indicate the total amount that GPA intends to expend on the Stanley contract through 2022.
22. Does GPA have direct contracts with contractors other than Stanley listed on the February 6, 2018 Forecast, or are they all subcontractors of Stanley? (if GPA has direct contracts with any of the parties other than Stanley, please provide copies of the contracts).
23. Who are "K&M Advisors" and "Pond"? Please give their complete names, and their role in this project.
24. Provide the Budget Forecast submitted by Stanley to GPA on February 2, 2018.

Submitted this 15th day of March, 2018.


Frederick J. Horecky
PUC Legal Counsel

PUC REQUESTS FOR INFORMATION

GPA Docket 18-09

The Application of the Guam Power Authority for an Increase in the Stanley Engineering, Procurement and Construction Management (EPCM) Contract.

1. Provide a copy of the contract between Stanley Consultants and GPA.

Response: Please see **Attachment 1**.

2. Why is a proposed increase in the Stanley EPCM contract of \$650,000 necessary? In Public Hearings on the new generation between October 4 and 6, 2016, General Manager Benavente indicated that the proposed EPCM contract was "a onetime expense" and that the total cost would be \$750,000, to be funded from 2014 Bond Funds. Does GPA's present request for additional funds indicate that Mr. Benavente's statements at the Public Hearings inaccurate or erroneous?

Response:

The EPCM RFP scope is far broader than the development of the new generation bid specifications. Rather than funding the cost of the total cost for the entire scope, GPA has elected in similar contracts to negotiate additional scope as funding is made available and prior scopes completed.

Mr. Benavente's statement that the proposed EPCM contract is "a onetime expense" is accurate. When the scope of work is completed, GPA will terminate the contract. His statement is accurate in the context that that the total cost of \$750,000 would be funded from 2014 Bonds.

3. What change(s) occurred that require GPA to now seek additional funds for the contract?

Response:

The proposed scope was based on initial assumptions on tasks and included estimated hours against labor rates. GPA had provided submittals, including draft bid documents, from Stanley to support GPA's petition for a 3-Step Bid process. Since then, GPA has had to draw additional support in the past months principally for new power plant land acquisition work. Subsequently, most activities with Stanley have included preparing for legislative and other public hearings and responding to issues raised in those forums.

4. What is the justification or rationale for an \$650,000 increase in the Stanley Contract? Resolution No. 2018-05 indicates that "additional funds are required to complete the bid documents", to include "final land details" on certain matters, to incorporate LNG details, to address regulatory requirements, and to support procurement activities including responses to bidder questions..." These are all standard matters that would have been included in the contract regarding procurement from the beginning. Why weren't all of these matters anticipated when the original contract was entered into?

Response:

GPA and Stanley negotiated a time and materials contract which included estimates to complete certain activities for the procurement of the new power plant. Stanley had provided draft documents in June 2017, however from these submittals and to support the land acquisition, additional work was generated which included evaluation of water use for potential technologies and discussions on zero discharge option, proposed layouts/renderings to support siting and buffering requirements, emissions and projected environmental impacts on Guam's aquifer, scope development supporting a geotechnical survey, initial research and support on plant locations in communities and medical facilities, discussions on benefits of laying additional gas piping and necessary approvals and layup.

Please note that throughout these efforts, GPA staff undertook various tasks using Stanley work products to create final work products. For example, GPA staff used the initial research and support on plant locations in communities and medical facilities by Stanley and created the final products and detailed analyses for the public and legislative hearings. GPA has been parsimonious in using the Stanley contract.

The additional projected costs are to cover the procurement support during solicitation including:

- Responding to questions generated from the Technical Bid (Step 2)
- Conducting proposal evaluations and contract negotiations.

These scopes were initially funded under the \$750,000 but have since been delayed and supplanted by other aforementioned support activities. Accommodating these other support activities has depleted the current project budget requiring GPA to request for additional funding to perform the procurement solicitation support.

5. Shouldn't all of these matters have been known to GPA and have been included in its cost estimates at the commencement of the contract? If not, why not?

Response:

GPA and Stanley negotiated a time and materials contract, however as mentioned in the response to RFI item #4, additional tasks mainly to support land acquisition and land assessment have increased expenses.

The PUC is asking if the scope and breadth of support required for land acquisition should have been known to GPA at the beginning. What the PUC is suggesting is that GPA should have known a priori the feedback from the community and intervening interests. However, although GPA made some assumptions, GPA cannot have known the number and dispositions of commercial and political interests that have tried to engage and shape the public's perceptions towards their own benefits or points of views. To address the universe of potential questions would cost far more than gauging and responding to the more important ones that actually manifest themselves during the public discussion process.

6. What efforts has GPA made to negotiate or mitigate this cost increase? Did GPA negotiate the price increase with Stanley? Were these costs anticipated when the contract was entered into?

Response:

GPA has reviewed and removed scope as shown in the original (**Attachment 2**) and final submittals (**Attachment 3**) for initial task which supports initial purchase order amount. The additional costs have been generated mainly due to issues raised during the land acquisition process. In addition, GPA and Stanley have agreed that providing additional land details in regards to preliminary geotechnical study and an environmental and archeological assessment would provide bidders a better understanding of the proposed site to incorporate into their technical and price proposals. Initial discussions with EPCM did not include LNG or natural gas piping as GPA had not received approval to move forward on LNG. A later clarification through Docket 15-05 in May 2017 initiated discussions to include gas piping to reduce future costs and avoid additional construction activities from Harmon to Cabras.

Please note that throughout these efforts, GPA staff undertook various tasks using preliminary Stanley work products to create final work products. For example, GPA

staff used the initial research and support on plant locations in communities and medical facilities by Stanley and created the final products and detailed analyses for the public and legislative hearings. GPA has been parsimonious in using the Stanley contract.

7. Initially GPA indicated that the EPCM Contract would be fully funded from Bond Funds. Now it is requesting that the increase of \$650K be funded from the FY2018 CIP budget. Why has GPA altered its original determination to fund the Stanley Contract from bond funds?

Response:

The 2014 LNG Startup Funds which was originally \$3M has decreased as GPA redirected funds to support the integrated resource plan initiatives including new economic dispatching and forecast supporting software, Demand-Side Management program evaluation/study, an Ultra-Low Sulfur Fuel (ULSD) conversion study of the Piti 8&9 power plant. In addition to the EPCM initial tasking, this bond fund source has also funded a renewable integration study. GPA proposed additional CIP funds for the year as this bond fund source has been increasingly depleted.

8. Are there bond funds available or which could be reprogrammed for this purpose? Is there any balance of the initial LNG start-up funds?

Response: The current balance of the LNG start-up funds is \$354,623.

9. Please provide a breakdown of all expenses incurred to date on the Stanley Contract, and the purpose for which each expenditure was made.

Response: Please see Attachment 4 (Working on this)

10. What is the status of the bid documents that Stanley prepared for the new generation project? Are any drafts of the bid documents completed? If no bid documents are completed, what percentage of the work on the bid documents is completed?

Response: Please see draft documents in Attachment 5 (zip file) attached. Documents are still being reviewed and will be updated for final land details and comments. Initial draft documents that were provided to the PUC in November 2017. The attachment includes updates to Section A, B, and C. Documents are being

updated to reflect conditions/requirements from public hearings and legislative hearings on the land acquisition.

Bid documents are 95% complete and will be submitted to CCU and PUC for review and approval shortly. Other work to be completed is the evaluation of the RFQ proposals, selection of the qualified bidders to receive approved bid documents, defending protests regarding non-qualification, responding to bidder's questions, issuing amendments to IFB documents, evaluation of submitted bids, supporting CCU and PUC approval of proposed contract and supporting contract negotiations. The next Phase will include EPCM support of the project through construction and commissioning including assuring plant is developed within the specified requirements.

11. Please provide a statement of hourly rates charged by Stanley under the EPCM Contract, and the hourly rates of any other contractor or subcontractor providing services under the contract.

Response: Please see rate schedules in Attachment 3.

12. CCU Resolution No. 2018-05 indicates that GPA approved an FY2018 CIP budget of \$800,000 for the EPCM contract. Why does GPA's current petition then request a \$650,000 increase for the contract?

Response:

The projected budgeted expense through the end of Fiscal Year FY 2018 includes both the \$800,000 and \$650,000. GPA has requested for additional annual budgets through commissioning of the new power plant. The projected EPCM expense through September 30, 2018 is more than the budgeted amount of \$800,000. GPA has added additional funding for contingency purposes.

13. Please indicate the total amount of funds that have been paid to date on the Procurement of Environmental Engineering and Technical Services (GPA Docket 17-05) to TRC Environmental Corporation, and any breakdown of amounts paid for which services rendered.

Response:

For this Fiscal Year, a budget of \$20,000 has been allocated for an update on Environmental Strategic Plan to include inquiries with regards to the new plant. TRC was called upon regarding previous modeling and results for siting of a new

power plant in the Harmon area. No invoices have been received to date under this task.

14. Is TRC performing any services for GPA related to new generation and the procurement process? If so, specify what services and the cost thereof.

Response:

TRC had provided some support in regards to prior modeling of emissions and results based on Combined Cycle Combustion Turbine plant on ULSD and natural gas as part of GPA's Environmental Strategic Plan. Recent support included summary and or clarification of emissions from new plant as well as reduced emissions from retirement of Cabras 1&2 and conversion of the Piti 8&9 power plants. Additional modeling and clarifications were done as support for recent public hearings on the land acquisition in response to public feedback regarding the construction of a new power plant and potential emissions impacts.

15. Please provide a cost breakdown for each of the four item which the CCU lists in Resolution No. 2018-05 which require "additional funds to complete the bid documents".

Response:

The following is the estimate breakdown for additional services thru September 2018:

Forecast Spending	March	April	May	June	July	August	September
Monthly Projected Invoice Totals	\$ 138,672	\$ 157,353	\$ 93,232	\$ 93,232	\$ 51,787	\$ 51,787	\$ 190,601
Cumulative Totals	\$ 762,007	\$ 919,361	\$ 1,012,593	\$ 1,105,825	\$ 1,157,612	\$ 1,209,399	\$ 1,346,974

	March	April	May	June	July	August	September	Total
Additional Funds Required	\$ 12,007	\$ 157,353	\$ 93,232	\$ 93,232	\$ 51,787	\$ 51,787	\$ 190,601	\$ 649,999
Pre-Technical Bid Solicitation (before July 2018)	\$ 12,007	\$ 157,353	\$ 93,232	\$ 93,232	\$ 51,787			\$ 407,611
EA Scope (see Attachment 6)		\$ 22,781	\$ 53,588	\$ 39,787	\$ 39,787			\$ 155,943
Pond Scope (see Attachment 7)		\$ 243	\$ 9,333	\$ 2,856	\$ 2,856			\$ 15,288
Regulatory Requirements & Conditions (balance of scope projected costs from Attachment 3 forecast)		\$ 134,329	\$ 30,311	\$ 50,589	\$ 9,144	\$ -	\$ -	\$ 224,373
Support procurement activities (after July 2018)						\$ 51,787	\$ 190,601	\$ 242,388

16. The original term of Stanley Contract was five (5) years from March 2017. Why is it necessary to increase the contract cost to "cover services through September 2018" when it was already anticipated that the contract would have a 5-year term?

Response:

PUC Request for Information
GPA Docket 18-09
March 15, 2018

GPA is nearing end of funding and as the budget is being developed to support activities beyond the fiscal year through contracting of an Independent Power Producer, GPA requires additional funds to support the procurement activities from April through September.

17. If the increase requested to cover services only through September to 18 as anticipated to be \$650,000, what further increases does GPA expect to expend for additional consulting and technical services through February 2022? Indicate the total amount that GPA forecasts to spend on this contract through February 2022.

Response: GPA has requested this from Stanley. This is presently not available but we anticipate a first submittal within two weeks.

18. Identify in full all of the contractors and subcontractors that are working with Stanley on this project, as listed on GPA EPCM Budget Forecast R1, dated February 6, 2018.

Response:

Stanley has subcontracted the following to support the new power plant solicitation:

- K&M Advisors – IPP procurement & financing support
- Pond Oil & Gas – fuel transportation (pipeline)
- EA Engineering, Science and Technology, PBC – environmental support
- Ruder Integrated Marketing Strategies (RIMS) – marketing support

In addition, Stanley also has included in their team Moffat & Nichol, CH-IV, and Galway Group to support engineering, design, and contracting of LNG infrastructure construction, procurement and financing.

19. The February 6, 2018 GPA EPCM Budget Forecast R1 indicates an estimated grand total expenditure of \$1,728,106 through January 2019. How does GPA intend to pay the shortfall of \$328,000, since it only requests authorization to expend \$1.4M in this petition?

Response:

GPA is working with Stanley on the additional budget request and was to request for additional funds to cover additional support through the commissioning of the new plant upon completion of the budget forecast. This forecast would also be used for developing annual budget requests.

20. Can PUC anticipate that GPA will make an additional funding request(s) to cover the shortfall on the \$1.4M requested through September 2018?

Response:

Not for FY 2018 EPCM contract related expenses. GPA has included contingency funding within the \$1.4 MM.

21. Indicate the total amount that GPA intends to expend on the Stanley contract through 2022.

Response:

GPA has requested this from Stanley. This is presently not available but we anticipate a first submittal within two weeks.

22. Does GPA have direct contracts with contractors other than Stanley listed on the February 6, 2018 Forecast, or are they all subcontractors of Stanley? (if GPA has direct contracts with any of the parties other than Stanley, please provide copies of the contracts).

Response:

The budget forecast is for the Stanley contract which includes their subcontractors: K&M Advisors, Pond, RIMS, and EA. Moffit & Nichol is also a subcontractor but is not used at this time as they provide LNG support.

23. Who are "K&M Advisors" and "Pond"? Please give their complete names, and their role in this project.

Response:

K&M Advisors and Pond Oil & Gas are subcontractors to Stanley and were included as part of the Stanley team in the evaluation of their proposal during the EPCM RFP solicitation. While Stanley provides the engineering and technical support for plant solicitation and construction, K&M Advisors provides the contracting support with their experience in IPP procurement and financing in the US and abroad. In addition, Pond & Company provides their expertise in fuel transportation (piping).

24. Provide the Budget Forecast submitted by Stanley to GPA on February 2, 2018.

Response: Please see Attachment 8.



A Stanley Group Company
Engineering, Environmental and Construction Services - Worldwide

January 18, 2017

John Benavente, PE
General Manager
Guam Power Authority
688 Route 15 – Suite 100
Mangilao, Guam 96913-6203

Attn: Ms. Dawn KP Fejeran
Buyer, Procurement Materials Management Division

Subject: Task #0001 – Scope/Fee Proposal and Rate Schedules , No. GPA-RFP-17-0001
Engineering, Procurement and Construction Management (EPCM) Contract

Dear Ms. Fejeran:

Thank you very much for the opportunity to submit our technical and price proposals to GPA for the subject contract. We have organized our proposal to GPA in the following manner. A short explanation of each attachment follows.

1. Technical Approach and Proposed Task Schedule (Atch 1A)
2. Rate Schedules
3. T&M Financial Proposal, Task 1 (RFP tasks 1A to 1L)

The technical approach (Attachment 1) provides additional detail and information regarding how the Stanley Consultants Team will execute the requested services in your January 9, 2017 letter. A short summary of our understanding of each task is provided, along with deliverables and assumptions regarding the execution of the task.

In Attachment 2, the Rate Schedules for all team members engaged in Task 1 are provided for your review. Team members who are not engaged in the first New Power Generation Task will be provided at a later date, when GPA and Stanley Consultants begin identifying additional tasks and probable budgets for the next phase of project services.

Attachment 3 contains a breakdown of our financial proposal for completing the requested tasks. All tasks will be executed as T&M for Task 1. We have provided assumptions and recommendations for executing the Task 1 effort in order to stay within current available funding.

If you have any further questions or if I can provide additional information, please contact me via email at stump@stanleygroup.com or by telephone at 808.542.9265, or please contact Noel Enriquez at 646-3466 or by email at enriqueznoel@stanleygroup.com.

We look forward to reaching agreement with you on the technical and financial aspects of the first task under your New Generation Project.

Sincerely,

Stanley Consultants, Inc.

A handwritten signature in blue ink, appearing to read "Richard E. Stump", with a stylized flourish extending from the end.

Richard E. Stump, AIA, LEED AP BD+C
Vice President

cc: Chuck Spooner, Stanley Consultants
Noel Enriquez, Stanley Consultants

Attachments Listed above

Attachment 1

Scope of Work (SOW)

GPA EPCM – New Generation Project Development

January 18, 2017

TASK 1 – NEW GENERATION PROJECT DEVELOPMENT

SUBTASK 1 – PROJECT INITIATION PROCESS

Activity 1.1: Project Initiation Conference

The first order of business for Task 1 – New Generation Project Development, is to hold a 2-day project initiation conference at GPA's headquarters on Guam. Representatives from GPA and the Stanley EPCM Team including Stanley Consultants, K & M, RiMS, EA, and Pond will attend the meeting. The Stanley Consultants Project Manager will prepare the agenda for the meeting with input from all attending parties. The purpose of the meeting is to answer questions about the project scope, schedule, and budget, technical issues, environmental issues, project communications, major equipment, renewables integration, intended plant dispatch assumptions, and other topics that have a direct impact on the project.

Deliverables: Meeting agenda; meeting notes

Activity 1.2: Develop Project Charter

Stanley Consultants will develop the project charter that captures the purpose of the project and documents initial requirements that satisfy the stakeholders' needs and expectations. The charter will also identify measurable project objectives and success criteria, establish the project milestone schedule, the project summary budget, approval requirements, and the project manager's responsibility and authority. This information will be used internally as the overall project guiding principles by the EPCM Team. Based on the project charter the project execution plan will be developed.

Deliverables: Project charter

Activity 1.3: Identify Stakeholders

During the project initiation conference the attendees will develop the initial list of both internal and external stakeholders in the project. Stanley Consultants, with assistance from RiMS, the Community Outreach specialist, will work with GPA to identify stakeholders, agencies, public and private entities who may have input into the project. A stakeholder register will then be prepared. Information contained in the stakeholders register will include the identity of each stakeholder, stakeholder organization, contact information, reason/concern of the stakeholder, response to stakeholder concerns, and comments. The stakeholder register will be maintained by the EPCM project manager and updated and/or modified on a regular basis as the project progresses.

Deliverables: Project Stakeholder Register

SUBTASK 2: PROJECT PLANNING PROCESS

Activity 2.1: Project Execution Plan and Work Breakdown Structure - GPA RFP Activity 1h

This activity, also known as the Project Management Plan, will consist of developing the policies and procedures to be followed during execution of the project. This will be a comprehensive document that includes the following components:

- Scope of Work (SOW) for the entire EPCM team
- Work Breakdown Structure (WBS)
- Project baseline schedule
- Project quality plan
- Project resource plan (human resources, tools, etc.)
- Project communications plan
- Project risk management plan

The Project Execution Plan and WBS will be utilized by the EPCM team as the guiding document that governs how the project is to be executed by all team members.

Deliverables: Project Execution Plan including the Work Breakdown Structure

Activity 2.2 Industry Outreach – GPA RFP Activity 1b

Using Stanley Team's extensive experience in advising on IPP development and familiarity with the lead IPP developers and lenders in the region and around the world, Stanley Team will identify the IPP proponents and lenders that are likely to be interested in investing in an IPP in Guam and will contact them to determine interest and obtain recommendations on structuring the contract. The prospective IPP proponents may include U.S., Japanese, Korean, and Middle Eastern companies. This list will be coordinated with GPA before any contacts are made. The prospective lenders would include bilateral financial institutions (e.g. JBIC) or export credit agencies (e.g. KEXIM), and commercial banks.

After defining the transaction structure and the type of contract under Task 2.3, the Stanley Team will conduct teleconferences with the identified prospective IPP proponents and lenders to obtain their views on the Project commercial and financial structure, major commercial and legal risks, the bidding process, and to confirm their interest in submitting an IPP bid for the Project. The information obtained from these industry contacts will be used in preparing the IPP procurement documents.

Deliverables: Contact List of potential proponents
List of major risks that have to be addressed in the bidding documents to attract the IPP proponents and lenders
Summary notes on proponent and lender interest; recommendations on how to structure the tender in order to achieve the best price and value

Activity 2.3: Procurement Model Development (Procurement Plan) – GPA RFP Activity 1i

The Stanley Team will develop a Procurement Model and associated Procurement Plan. The Procurement Model will address the following issues:

- Transaction structure and type of contract

It is expected that GPA will enter into a long-term (20 to 25 year to be confirmed in discussions with GPA) Power Purchase Agreement (PPA) with the selected IPP proponent. The Stanley Team in consultations with GPA will address the following in order for the Stanley Team and GPA legal advisors to be able to commence drafting the contracts for the RFP package:

- Type of offtake contract—e.g. PPA, ECA; or BOO, BOOT
- GPA ownership/stake on the SPV developing the IPP
- Future LNG facilities development and construction
- Development and construction of transmission interconnection facilities (transmission line and substation)
- IPP and GPA's role with respect to selling ULSD to third parties
- Type, if any, of Government support needed to improve GPA's credit as an off taker

- Identify Project procurement risks

The Stanley Team will identify the Project risks that could prevent the Project from being successfully bid and awarded. For the bidding to be successful, the bidding process should be fair, and transparent, and the RFP and the draft agreements included in the bidding documents should properly address Project risks. Based on their review and the results of consultations with the prospective proponents and lenders and its' own analysis, the Stanley Team will identify Project risks related to both the bidding process and the provisions of the draft contracts. The team will then develop a risk matrix listing the risks, identifying the party to which the risk is allocated, and risk mitigation strategy.

- Identify procurement restraints

The Stanley Team will identify procurement legal, regulatory, technical, and commercial procurement restraints including the necessary regulatory approvals and the required timing, and consider those restraints in the Procurement Plan.

- List procurement assumptions

The Stanley Team will list the procurement process assumptions that will, among others, include the following:

- Two phase procurement process including pre-qualification and bidding phases
- Two envelope evaluation process for IPP bids with technical evaluation being performed first, and financial (tariff) evaluation only performed for the bidders who passed technical evaluation
- Number of post-award negotiations rounds
- Bid bond amounts and release procedure
- Other assumptions, as appropriate

- Develop procurement schedule

The Stanley Team will develop a procurement schedule taking into consideration procurement assumptions. The schedule will, in logical order, list all the procurement activities from the issuance of the Request for Qualifications (RFQ) document until completion of bid evaluation and issuance of the Letter of Selection to the first ranked IPP proponent, post-selection negotiations, financial close, and construction period up to commercial operation date.

- Develop proponent prequalifying criteria (screening)

The Stanley Team will prepare pre-qualification criteria to evaluate and shortlist the prospective IPP proponents interested in participation in the Project. The evaluation criteria will focus on evaluation of proponents' technical capabilities, financial strength, and IPP development and financing experience.

- Develop evaluation criteria for bids received

The Stanley Team will develop evaluation criteria for Envelope 1 (technical) and Envelope 2 (tariff) proposals of the IPP proponents. Envelope 1 evaluation criteria will focus on technical soundness of proposed design, experience of the proposed EPC Contractor, equipment suppliers, and O&M Contractor, Project Implementation and Quality Control plans and procedures, and Project financing plan. Envelope 2 evaluation will be based on comparison of the proposed levelized tariffs calculated based on a pre-determined methodology with the lowest tariff determining the winning bid.

- Identify post award proponent deliverables and deliverable schedule

The post-award activities of the selected IPP proponent are expected to include:

- Completion of negotiations with GPA and signing the PPA and other contracts
- Signing the EPC and O&M Contracts
- Financial close
- Project construction up to commercial operation date
- Operating period during the PPA term

The Stanley Team will identify the deliverables to be developed and submitted to GPA for each of the above activities and develop an indicative schedule for such deliverables. The schedule will be further reviewed and finalized after selection of the preferred IPP proponent.

- Review Procurement Plan for conformance to Guam Procurement Law

The Stanley Team will identify possible deviations and need/risk for any proposed deviations. The Stanley Team will work with the GPA legal advisors on reviewing the procurement methodology against the requirements of Guam Procurement Law and other regulations and assist the legal advisor in identifying the discrepancies and suggesting solutions to the identified issues.

- Develop plan for obtaining CCU and PUC approval

The Stanley Team will work with GPA and GPA legal advisors on identifying the list of approvals and consents that would have to be obtained prior to beginning of the IPP procurement process and assist GPA in developing a plan for obtaining such consents. A preliminary list of approvals, permits, and consents that will have to be obtained by the IPP proponent and the IPP Project Company will also be prepared to be included in the RFP document.

The Stanley Team will support the GPA to obtain the necessary approvals by the Public Utilities Commission throughout the structuring and procurement process. We anticipate that some of the points that the PUC will closely scrutinize include:

- Power plant size, and configuration
- Performance guarantees, in particular heat rate and guaranteed capacity
- Tariff calculation methodology
- Procurement process, in particular prequalification criteria and calculation of levelized tariff
- Terms adjusted during post-award negotiations

Using these evaluations and recommendations a final recommended procurement plan for the new generation and ULSD procurement will be developed for GPA review and approval.

Deliverables: New Generation and ULSD Procurement Plan

SUBTASK 3 PROJECT EXECUTION

Activity 3.1 Performance Criteria and Guarantees Development - GPA RFP Activity 1d

The EPCM Team will develop the plant performance criteria that the successful IPP bidder will be required to achieve.

- Develop Performance Requirements

The major performance parameters have to be guaranteed by the IPP proponent as a condition for the Project to be accepted by GPA include the following:

- Guaranteed Commercial Operation Date
- Guaranteed net plant electrical output at full and minimum loads
- Guaranteed net plant heat rate at full and partial loads
- Guaranteed air emissions, effluent water quality, and noise emissions
- Guaranteed grid stability parameters

The major performance parameters that will impact the cost of electricity generated by the IPP during operating phase and that will have to be guaranteed by the IPP proponent include:

- Power output and heat rate degradation
- Power plant availability
- Plant start-up time
- Plant ramp rate
- Guaranteed utility's consumption (potable water, grey water, cycle makeup water)

The Stanley Team will include those and other parameters, as appropriate, in the RFP and the draft Project Agreements and develop the guarantee forms to be filled out by the bidders with their proposals. The performance guarantee tables included in the proposals will become the basis for technical and financial bid evaluation.

- Develop Evaluation Worksheets

The Stanley Team will develop evaluation worksheets for Envelope 1 (technical) and Envelope 2 (financial) evaluation. The worksheet for Envelope 1 evaluation will consist of a series of tables listing different parameters used as a criteria for evaluating adherence of the technical and commercial aspects of the proposal to the RFP requirements.

Envelope 2 evaluation worksheet will be an Excel spreadsheet calculating the levelized tariff for each of the proposals based on the proposed capacity charge, variable O&M charge, and guaranteed capacities and heat rates at full and partial loads using the pre-determined dispatch assumptions.

Deliverables: Technical and performance requirements
 Evaluation worksheets

Activity 3.2: Cooling Tower Conceptual Design Development using Grey Water Source – GPA RFP Activity 1e

The Stanley Team will review the grey water chemistry and the flow rate available from the GWA water treatment plant for plant use with a cooling tower. Industry experts will also be consulted to identify current best practices for grey water use in cooling towers. Depending on the generation technology selected by the IPP contractor the quality and amount of water required for plant cooling will vary. Some technologies may not require a cooling tower at all as they typically utilize an air cooling (fin fan) system. Assuming a cooling tower is required the EPCM Team will develop a conceptual design that can be provided to the IPP bidders as part of the IPP procurement documents.

Deliverables: Conceptual cooling tower design based on the use of GWA treatment plant grey water.

Activity 3.3: Fuel Pipeline – GPA RFP Activity 1f

The Stanley Team will develop the required functional specifications for the ultra-low sulfur diesel (ULSD) pipeline. The ULSD pipeline functional specifications will include but not necessarily be limited to the requirements for pipeline permitting, safety, construction, inspection, operations, and redundancy. Provisions for a future alternate natural gas fuel will also be included.

Deliverable: Functional Specifications for ULSD Pipeline with alternate fuel provisions.
Overall pipeline route plan drawing with source and destination indication.

Activity 3.4: Environmental and Construction Permits Survey – GPA RFP Activity 1g

Permitting in Guam is a challenging process. Many of the permits required for environmental and construction requires a long term process which may delay the start of the project. The Stanley Consultants team will consult with GEPA, DPW and EPA Region IX to evaluate the current permitting timelines. The team understands that EPA Region IX is the federal authority having jurisdiction for environmental regulations on Guam. Permit requirements will be determined, quantified and presented to GPA.

Inclusion and development of environmental controls and requirements for the IPP will be addressed in the procurement documents (activity 3.5, RFP Activity 1j). A register of both the environmental and construction permits required for the project, including the new generation plant and the ULSD pipeline, will be developed for inclusion in the IPP procurement package.

Deliverable: Environmental Permit Register; Construction Permit Register

Activity 3.5: Procurement Document Development – GPA RFP Activity 1j

The Stanley Team will assist GPA in preparing the pre-qualification document using the pre-qualification criteria developed as part of Activity 2.3. The Stanley team will assist GPA in developing Volumes I through V plus any required Appendices of the project procurement documents. A detailed list of what is to be included in each volume will be developed and reviewed with GPA prior to actual development of the volume contents. The volumes to be developed include:

Volume I – IPP Procurement Scope

This volume will include the entire scope of services and work that the successful IPP bidder will be required to perform for the design, procurement, construction, start-up and commissioning, and operation of the new generation plant and ULSD pipeline. This volume is expected to contain a brief description of the scope to be delivered by the selected IPP proponent, description of Guam power sector, regulatory regime, site location, applicable regulations, fuel and water supply and power evaluation arrangements and interfaces, permitting requirements, and other relevant general information about the Project and Guam. A Division of Responsibility will be included in Volume I to summarize the proposed project responsibilities and responsible parties.

Volume II – IPP Procurement Process Instructions

This volume will include the instructions the IPP proponents will be required to comply with in order to submit an acceptable bid for the project. The documents that must be included in a bid will be clearly identified and a checklist can be provided for use by both IPP proponents and GPA to verify compliance with the tender requirements. This volume will contain description of the procurement process including procurement schedule, instructions for bid submittal, bid bond requirements, evaluation criteria, and description of the award cycle.

Volume III - IPP Procurement Technical Specifications

The technical specifications that define the required performance and quality required for the project will be developed here. The technical specifications included in the RFP package will be a minimum functional specifications. They will specify minimum functional requirements for the power plant, and will define the scope of supply and services to be provided by the IPP proponent. This volume will include design criteria including applicable technical and environmental standards and redundancy requirements, site ambient conditions, fuel and raw water characteristics, interface requirements for connection to the GPA power system including metering and communication requirements, and other interfaces. The specification will not include detailed requirements for equipment and systems internal to the power plant other than some specific requirements that GPA could have based on their standard practices and procedures. Drawings necessary to define the scope of work will be developed as part of the specification and included as attachments.

Specifications will be prepared in Construction Specifications Institute (CSI) format. The specifications will cover CSI Divisions 2 through 48. Also included will be required CSI Division 1 specifications that define performance requirements that overlap the various work sections of Divisions 2 through 48.

Volume IV – IPP Procurement Commercial Terms and Conditions

The Stanley Team believes that Volumes IV and V as described in the GPA request for quotation included in the letter of award are redundant and suggests to rename Volume IV to be called “Draft Project Agreement” and Volume V to be called “Proposal Forms”. The Stanley Team will assist GPA and their legal advisor in developing the draft PPA and other Project Agreements such as Land Lease Agreement, Water Supply Agreement, etc. as required. It is expected that the GPA legal advisors will draft the Project Agreements and the Stanley Team experts will provide necessary technical and commercial inputs. The draft Project Agreements will be included in Volume IV of the RFP.

Volume V – IPP Procurement Contract (Draft)

This volume will include Envelope 1 and Envelope 2 forms to be filled out and submitted with IPP bidders’ proposals. Envelope 1 forms will include technical data sheets, requests for bidders’ corporate and financial information, technical description of the proposed power plant, EPC and O&M contractor’s qualification information, Bid Bond and Performance Bond forms, forms of cover letter, performance guarantee forms, etc.. Envelope 2 forms will include tables to be filled out by the bidder specifying their proposed fixed capacity, fixed O&M, and variable O&M tariffs for each year of the PPA term as well as heat rate tables showing heat rates at full and partial load to be guaranteed for the term of the PPA.

The scope offered does not include the work of the international lawyers that will be required for drafting the legal documents (for example, power purchase agreement, water supply agreement, etc.), answering legal questions during procurement, performing evaluation of legal aspects of the proposals, participating in negotiations, and so on. The Stanley team assumes that GPA will separately engage a qualified international law firm with experience in IPPs to perform this work

Appendices

The Stanley Team will assist GPA in developing Appendices that are required to support Volumes I through V. The number and titles of such Appendices will be developed as the procurement documents evolve. Items that may be in the Appendices could include drawings, lists, diagrams, copies of site maps, copies of applicable Guam laws and regulations, and other materials.

Deliverables: Inputs to all sections of the RFP document, review and comments, and formatting, as required.

Activity 3.6: Procurement Process Support – GPA RFP Activity 1k

A number of actions will be required to support GPA in communicating with the vendor, evaluating bids, and provide GPA with a recommendation for award. As stated above, the Stanley Team expects the procurement process to include two stages: a) prequalification to shortlist the qualified IPP proponents and b) competitive bidding between the shortlisted IPP proponents. Based on this approach, the Stanley Team activities for procurement process support will include:

- Assist GPA in preparing pre-qualification announcement
The Stanley Team will assist GPA in drafting the announcement inviting interested IPP proponents to obtain pre-qualification document from GPA. The pre-qualification document will be made available to any prospective IPP proponent interested in obtaining the document.
- Assist GPA in evaluation of pre-qualification submittals and developing a shortlist
The Stanley Team will assist GPA in evaluating the pre-qualification documents submitted by the prospective IPP proponents and developing a shortlist of the proponents to be invited to submit their proposals.
- Assist GPA in issuance of the RFP to shortlisted IPP proponents and responding to IPP proponent questions during bidding process
The Stanley Team will assist GPA in responding to technical and commercial clarification questions asked by the bidders. The legal questions are expected to be handled by the GPA legal advisor.
- Assist GPA with IPP proponent tender evaluation and recommendation
The Stanley Team will assist GPA during the Envelope 1 proposal opening ceremony and Envelope 1 proposal evaluation. After the bidders are notified about the Envelope 1 proposal evaluation results and their status (Envelope 2 will only be opened for the bidders whose Envelope 1 proposal is evaluated to be a responsive proposal), assist GPA during the Envelope 2 proposal opening and evaluation. **Our budget is based on shortlisting no more than 6 prospective IPP proponents for proposal submittal.**
- Assist GPA during contract negotiations with selected IPP proponent (2018)
The Stanley Team will assist GPA during the negotiations covering technical and commercial issues. Legal issues are expected to be covered by GPA and their legal advisor. Our budget assumes three rounds of negotiations which each round being 3 days. After each round, the Stanley Team will provide inputs to the minutes of meetings and updated drafts of the Project Agreements. It is expected that redrafting of the Project Agreements will be done by GPA legal advisor.

Deliverables: Pre-qualification of IPP proponents
Responses to proponent questions
Tender clarifications reviews and comments
Tender bid evaluations and recommendation (2018)
Staff presence during contract negotiations, contract review and recommendations as required to support GPA (2018)

Activity 3.7: Regulatory and Stakeholder Outreach Support (as needed)

The Stanley Team will contact agencies with an environmental and permitting role in the project. Concerns and potential issues will be documented and timelines for review of site reports and conceptual/final design packages will be confirmed to the greatest extent possible.

At the same time environmental management and permitting agencies are engaged, the Stanley Team will begin discussions with other stakeholder groups as identified in the stakeholder register developed during activity 1.2. Stakeholder outreach activities will be coordinated with GPA and the Stanley Team will provide GPA with recommendations on effective ways to communicate and engage the project stakeholders. The Stanley team will attend up to three public meetings when requested by GPA in order to provide support for the project.

The Stanley public relations support team will also support the GPA PAO office and its professional staff. Once the project is underway a regularly scheduled meeting will be necessary to align goals and objectives and keep project action items closely monitored. The Stanley public relations support team is a tool for GPA PAO office to use to assist with public relations and outreach initiatives associated with New Generation Project Development. The overall goal of the team is to work seamlessly with the GPA PAO office in order to build customer and community engagement concerning issues important to GPA.

The team will start with assisting with the understanding of the needs and requirements of GPA's PAO office relative to the project. In addition, the team will assist GPA PAO office in determining the most impactful way to communicate the key messages of GPA and support the PAO office. This effort will also include an on-call assistance program for GPA PAO office to use to support their efforts as needed.

Deliverables: Public relations support

SUBTASK 4 PROJECT MONITORING AND CONTROLLING

Activity 4.1 Project Management of the EPCM Contract

This activity is listed under this subtask but will be occurring throughout the entire project. The Project Manager along with Project Controls will be utilized to provide continuous monitoring of project progress, quality, scope, budget, and risk. The Project Manager will be responsible for taking remedial action when necessary to correct any problems with these items. The Project Manager will be responsible for submitting to GPA weekly project status reports, a comprehensive monthly project progress report, and an updated project schedule. The Project Manager will monitor the project for any scope changes and keep GPA informed whenever a scope change occurs so that the issue can be resolved quickly. The Project Manager will be responsible for monitoring and controlling the project planned budget versus actual cost. The Project Manager will also be responsible for submitting monthly invoices for the EPCM team to GPA and responding to any questions GPA may have regarding invoices. Project risk will be monitored and the Project Manager will maintain the project risk register and update it regularly as the project proceeds.

Deliverables: Weekly status reports, monthly project reports, monthly schedule updates.

Activity 4.2 Quality Control

Project quality control will occur on a regular basis throughout the project. All Deliverables produced will undergo a quality control check before being issued to GPA for review. Stanley Consultants and all subcontractors will be required to comply with the Project Quality Plan developed at the beginning of the project. The Project Manager will be responsible for performing the quality assurance process verifying that the required quality control is being performed by the EPCM Team.

Deliverables: Quality control report

SUBTASK 5 PROJECT CLOSEOUT

Activity 5.1 Verification

At completion of the project but before the project is officially closed out a review will be made to verify whether all contractual deliverables and documentation had been properly submitted to GPA. A closeout checklist will be developed as an aid in the verification process to document that all required documents and deliverables were completed and submitted to GPA.

Deliverables: Project Closeout Checklist

ATTACHMENT 1. PROJECT SCHEDULE

1 of 1																
Activity ID	Activity Name	Duration	Start	Finish	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GUAM Power Authority																
Project Milestones																
MI-1000	Limited Notice to Proceed EPCM Contract	0	09-Jan-17	09-Jan-17	▶ Limited Notice to Proceed EPCM Contract											
MI-1010	Award EPCM Contract	0	01-Feb-17	01-Feb-17	◆ Award EPCM Contract											
MI-1020	Stanley Develops and Issues IPP Package for GPA Review	58	02-Feb-17	15-May-17	▶ Stanley Develops and Issues IPP Package for GPA Review											
MI-1030	GPA Reviews and Comments on IPP Package	10	15-May-17	31-May-17	▶ GPA Reviews and Comments on IPP Package											
MI-1035	Stanley Incorporates GPA Comments on IPP Package	10	01-Jun-17	19-Jun-17	▶ Stanley Incorporates GPA Comments on IPP Package											
MI-1040	GPA Issues IPP Bid Package for PUC Approval	30	19-Jun-17	09-Aug-17	▶ GPA Issues IPP Bid Package for PUC Approval											
MI-1090	GPA Issues IPP Package for Bid	0	09-Aug-17	09-Aug-17	▶ GPA Issues IPP Package for Bid											
MI-1050	IPP Bidders Develop and Submit Bids	85	10-Aug-17	05-Jan-18	▶ IPP Bidders Develop and Submit Bids											
MI-1060	Stanley Develops IPP Package Review & Recommendation	20	05-Jan-18	09-Feb-18	▶ Stanley Develops IPP Package Review & Recommendation											
MI-1070	GPA Negotiates and Awards IPP Contract	40	09-Feb-18	20-Apr-18	▶ GPA Negotiates and Awards IPP Contract											
MI-1080	Project Completion	0	31-Dec-20	31-Dec-20	◆ Project Completion											
Subtask 1 - Project Initiation																
1.1	Project Initiation Conference	5	02-Feb-17	10-Feb-17	▶ Project Initiation Conference											
1.2	Identify Stakeholders	10	10-Feb-17	28-Feb-17	▶ Identify Stakeholders											
1.3	Develop Project Charter	10	10-Feb-17	28-Feb-17	▶ Develop Project Charter											
Subtask 2 - Project Planning																
2.1	Develop Project Execution Plan and WBS	10	28-Feb-17	17-Mar-17	▶ Develop Project Execution Plan and WBS											
2.2	Industry Outreach	20	28-Feb-17	04-Apr-17	▶ Industry Outreach											
2.3	Develop Procurement Model (Procurement Plan)	20	17-Mar-17	21-Apr-17	▶ Develop Procurement Model (Procurement Plan)											
Subtask 3 - Project Execution																
3.1	Develop Performance Criteria & Guarantees	10	28-Feb-17	17-Mar-17	▶ Develop Performance Criteria & Guarantees											
3.2	Regulatory & Stakeholder Outreach Support	20	28-Feb-17	04-Apr-17	▶ Regulatory & Stakeholder Outreach Support											
3.3	Develop Cooling Tower Conceptual Design	10	17-Mar-17	04-Apr-17	▶ Develop Cooling Tower Conceptual Design											
3.4	Develop Fuel Pipeline Specifications	10	04-Apr-17	21-Apr-17	▶ Develop Fuel Pipeline Specifications											
3.5	Research Environmental & Construction Permits	20	04-Apr-17	09-May-17	▶ Research Environmental & Construction Permits											
3.6	Assist GPA in Developing IPP Procurement Documents	20	04-Apr-17	09-May-17	▶ Assist GPA in Developing IPP Procurement Documents											
3.8	IPP Procurement Support	148	10-Aug-17	20-Apr-18	▶ IPP Procurement Support											
Subtask 4 - Project Monitoring & Controlling																
4.1	2017 - Project Management of EPCM Contract	189	02-Feb-17	29-Dec-17	▶ 2017 - Project Management of EPCM Contract											
4.2	2017 - Quality Control	189	02-Feb-17	29-Dec-17	▶ 2017 - Quality Control											
Subtask 5 - Project Closeout																
5.1	EPCMA 2017 Scope - Project Closeout and Verification	60	05-Jan-18	20-Apr-18	▶ EPCMA 2017 Scope - Project Closeout and Verification											



GUAM POWER AUTHORITY
Stanley Consultants - EPCM
Milestone Schedule



ATTACHMENT 2. STANLEY TEAM RATE SCHEDULES

STANLEY CONSULTANTS, INC.									
RATE SCHEDULE FOR GPA-17-001 EPCM SERVICES									
LABOR CATEGORY			Fully Burdened Rate (Base Year)		Base Year Unit Rate \$/HR	Option Year 1 Unit Rate \$/HR	Option Year 2 Unit Rate \$/HR	Option Year 3 Unit Rate \$/HR	Option Year 4 Unit Rate \$/HR
					BASE CONTRACT			CONTRACT OPTION 1	
			BC Class	A	A	B=A*3.0%	C=B*3.0%	D=C*TBID	E=D*TBID
Home Office Professional									
Company Officer / Executive Team	Principal/Chief Engineer		BC-24	\$ 285.00	\$ 285.00	\$ 292.13	\$ 299.43		
Company Officer / Executive Team	Principal/Chief Engineer		BC-23	\$ 273.00	\$ 273.00	\$ 279.83	\$ 286.82		
Company Officer / Executive Team / Sr. PM	Principal Engineer		BC-22	\$ 258.00	\$ 258.00	\$ 264.48	\$ 271.06		
Company Officer / Executive Team / Sr. PM	Principal Engineer		BC-21	\$ 244.00	\$ 244.00	\$ 250.10	\$ 256.36		
Sr. Project/Task Manager	Principal Engineer		BC-20	\$ 232.00	\$ 232.00	\$ 237.80	\$ 243.75		
Sr. Project/Task Manager	Principal Engineer		BC-19	\$ 219.00	\$ 219.00	\$ 224.48	\$ 230.09		
Sr. Project/Task Manager	Principal Engineer		BC-18	\$ 207.00	\$ 207.00	\$ 212.18	\$ 217.48		
Project/Task Manager	Senior Engineer/Architect/Scientist/Planner		BC-17	\$ 195.00	\$ 195.00	\$ 199.88	\$ 204.87		
Project/Task Manager	Senior Engineer/Architect/Scientist/Planner		BC-16	\$ 184.00	\$ 184.00	\$ 188.80	\$ 193.32		
Project/Task Manager	Senior Engineer/Architect/Scientist/Planner		BC-15	\$ 173.00	\$ 173.00	\$ 177.33	\$ 181.78		
	Senior Engineer/Architect/Scientist/Planner		BC-14	\$ 161.00	\$ 161.00	\$ 165.03	\$ 169.15		
	Senior Engineer/Architect/Scientist/Planner		BC-13	\$ 150.00	\$ 150.00	\$ 153.75	\$ 157.59		
	Senior Engineer/Architect/Scientist/Planner		BC-12	\$ 140.00	\$ 140.00	\$ 143.50	\$ 147.09		
	Engineer/Architect/Scientist/Planner	Sr. Technician	BC-11	\$ 127.00	\$ 127.00	\$ 130.18	\$ 133.43		
	Engineer/Architect/Scientist/Planner	Sr. Technician	BC-10	\$ 117.00	\$ 117.00	\$ 119.93	\$ 122.92		
	Engineer/Architect/Scientist/Planner	Sr. Administrative Asst/ Tech	BC-9	\$ 108.00	\$ 108.00	\$ 110.70	\$ 113.47		
	Junior or Intern	Sr. Administrative Asst/ Tech	BC-8	\$ 99.00	\$ 99.00	\$ 101.48	\$ 104.01		
	Junior or Intern	Sr. Administrative Asst/ Tech	BC-7	\$ 90.00	\$ 90.00	\$ 92.25	\$ 94.58		
	Junior or Intern	Administrative Asst/ Technician	BC-6	\$ 82.00	\$ 82.00	\$ 84.05	\$ 86.15		
	Junior or Intern	Administrative Asst/ Technician	BC-5	\$ 72.00	\$ 72.00	\$ 73.80	\$ 75.65		
		Administrative Asst/ Technician	BC-4	\$ 64.00	\$ 64.00	\$ 65.80	\$ 67.24		
		Administrative Asst	BC-3	\$ 55.00	\$ 55.00	\$ 56.38	\$ 57.78		
		Administrative Asst	BC-2	\$ 48.00	\$ 48.00	\$ 47.15	\$ 48.33		
		Administrative Asst	BC-1	\$ 38.00	\$ 38.00	\$ 38.95	\$ 39.92		

Notes:

1. Rates are fully burdened and include labor, overhead and profit. Profit of 10% has been included in the attached rates.
2. Guam Revenue Tax (GRT) of 4.166% is not included in this rate schedule. GRT will only be applied to the entire contract value at the prime AE level (Stanley Consultants).
3. ESCALATION: Annual escalation shall occur on the date of the initial contract award, in each subsequent option year. For the Base contract (Option Years 1 and 2), escalation will be 3.00%. At each of the Base Contract Period, escalation for Option Years 1 and 2 will be recalculated based on applicable wage and labor pricing indexes.
4. Upper rates on the schedule represent very senior Company Officers and are very unlikely to be used without prior discussion with GPA.
5. For invoicing, individuals working on GPA task orders will be identified by classification and rate.

K&M Advisors LLC
RATE SCHEDULE FOR GPA-17-001 EPCM SERVICES

LABOR CATEGORY	Fully Burdened Rate (Base Year)	Base Year Unit Rate \$/HR	Option Year 1 Unit Rate \$/HR	Option Year 2 Unit Rate \$/HR	Option Year 3 Unit Rate \$/HR	Option Year 4 Unit Rate \$/HR
		BASE CONTRACT			CONTRACT OPTION 1	
	A	A	B=A*3.0%	C=B*3.0%	D=C*TBD	E=D*TBD
Home Office Professional						
Sr. IPP Commercial Expert	\$ 300.00	\$ 300.00	\$ 307.50	\$ 315.19		
Sr. IPP Technical Expert	\$ 270.00	\$ 270.00	\$ 276.75	\$ 283.67		
Mid Level IPP Commercial Expert	\$ 170.00	\$ 170.00	\$ 174.25	\$ 178.61		
Mid Level IPP Technical Expert	\$ 150.00	\$ 150.00	\$ 153.75	\$ 157.59		
Jr. IPP Commercial Expert	\$ 115.00	\$ 115.00	\$ 117.88	\$ 120.82		
Jr. IPP Technical Expert	\$ 100.00	\$ 100.00	\$ 102.50	\$ 105.06		
Administrative Assistant	\$ 70.00	\$ 70.00	\$ 71.75	\$ 73.54		

Notes:

- Rates are fully burdened and include labor, overhead and profit. Profit of 10% has been included in the attached rates.
- Guam Revenue Tax (GRT) of 4.166% is not included in this rate schedule. GRT will only be applied to the entire contract value at the prime AE level (Stanley Consultants).
- ESCALATION: Annual escalation shall occur on the date of the initial contract award, in each subsequent option year. For the Base contract (Option Years 1 and 2), escalation will be 3.00%. At each of the Base Contract Period, escalation for Option Years 1 and 2 will be recalculated based on applicable wage and labor pricing indexes.

POND & Company
RATE SCHEDULE FOR GPA-17-001 EPCM SERVICES

LABOR CATEGORY	Fully Burdened Rate (Base Year)	Base Year Unit Rate \$/HR	Option Year 1 Unit Rate \$/HR	Option Year 2 Unit Rate \$/HR	Option Year 3 Unit Rate \$/HR	Option Year 4 Unit Rate \$/HR
		BASE CONTRACT			CONTRACT OPTION 1	
	A	A	B=A*3.0%	C=B*3.0%	D=C*TBD	E=D*TBD
Home Office Professional						
Officer In Charge / Principal	\$ 250.00	\$ 250.00	\$ 256.25	\$ 262.68		
Sr. Project Manager	\$ 195.00	\$ 195.00	\$ 199.88	\$ 204.87		
Project Manager	\$ 185.00	\$ 185.00	\$ 189.13	\$ 173.35		
Sr Engineer, Civil / Linear	\$ 160.00	\$ 160.00	\$ 164.00	\$ 168.10		
Sr Engineer, Structural	\$ 185.00	\$ 185.00	\$ 189.83	\$ 194.37		
Sr Engineer, Mechanical / Process	\$ 195.00	\$ 195.00	\$ 199.88	\$ 204.87		
Sr Engineer, Electrical / Instrumentation	\$ 190.00	\$ 190.00	\$ 194.75	\$ 199.82		
Staff Engineer, Civil / Linear	\$ 105.00	\$ 105.00	\$ 107.83	\$ 110.32		
Staff Engineer, Structural	\$ 110.00	\$ 110.00	\$ 112.75	\$ 115.57		
Staff Engineer, Mechanical / Process	\$ 135.00	\$ 135.00	\$ 138.38	\$ 141.83		
Staff Engineer, Electrical /	\$ 135.00	\$ 135.00	\$ 138.38	\$ 141.83		
CAD/Designer, Civil / Linear	\$ 85.00	\$ 85.00	\$ 87.13	\$ 89.30		
CAD/Designer, Structural	\$ 95.00	\$ 95.00	\$ 97.38	\$ 99.81		
CAD/Designer, Mechanical / Process	\$ 95.00	\$ 95.00	\$ 97.38	\$ 99.81		
CAD/Designer, Electrical /	\$ 100.00	\$ 100.00	\$ 102.50	\$ 105.06		
Administration Assistant/Document Control	\$ 60.00	\$ 60.00	\$ 61.50	\$ 63.04		

Notes:

1. Rates are fully burdened and include labor, overhead and profit. Profit of 10% has been included in the attached rates.
2. Guam Revenue Tax (GRT) of 4.166% is not included in this rate schedule. GRT will only be applied to the entire contract value at the prime AE level (Stanley Consultants).
3. ESCALATION: Annual escalation shall occur on the date of the initial contract award, in each subsequent option year. For the Base contract (Option Years 1 and 2), escalation will be 3.00%. At each of the Base Contract Period, escalation for Option Years 1 and 2 will be recalculated based on applicable wage and labor pricing indexes.

EA ENGINEERING, SCIENCE AND TECHNOLOGY, PBC
RATE SCHEDULE FOR GPA-17-001 EPCM SERVICES

LABOR CATEGORY	Fully Burdened Rate (Base Year)	Base Year Unit Rate \$/HR	Option Year 1 Unit Rate \$/HR	Option Year 2 Unit Rate \$/HR	Option Year 3 Unit Rate \$/HR	Option Year 4 Unit Rate \$/HR
		BASE CONTRACT			CONTRACT OPTION 1	
	A	A	B=A*3.0%	C=B*3.0%	D=C*TBD	E=D*TBD
Home Office Professional						
Program Manager	\$ 252.28	\$ 252.28	\$ 259.82	\$ 267.82		
CIH/CSP	\$ 211.04	\$ 211.04	\$ 217.38	\$ 223.90		
QA/QC Manager - QAM	\$ 210.34	\$ 210.34	\$ 216.85	\$ 223.15		
Chemist Senior - SCH	\$ 209.30	\$ 209.30	\$ 215.57	\$ 222.04		
Engineer Senior - SEN	\$ 189.80	\$ 189.80	\$ 195.49	\$ 201.36		
Project Manager Senior - SPM	\$ 182.31	\$ 182.31	\$ 187.78	\$ 193.42		
Scientist Senior - SSC	\$ 179.53	\$ 179.53	\$ 184.91	\$ 190.46		
Project Manager Junior - JPM	\$ 131.68	\$ 131.68	\$ 135.61	\$ 139.88		
Construction Manager - CM	\$ 129.72	\$ 129.72	\$ 133.62	\$ 137.62		
Engineer Mid-Level - MEN	\$ 128.95	\$ 128.95	\$ 132.82	\$ 136.81		
Scientist Mid-Level - MSC	\$ 121.10	\$ 121.10	\$ 124.73	\$ 128.47		
Contracts/Procurement - CON	\$ 98.89	\$ 98.89	\$ 101.86	\$ 104.91		
Engineer Junior - JEN	\$ 98.56	\$ 98.56	\$ 101.52	\$ 104.57		
Site Safety and Health Officer	\$ 97.76	\$ 97.76	\$ 100.70	\$ 103.72		
Scientist Junior - JSC	\$ 92.77	\$ 92.77	\$ 95.55	\$ 98.42		
Chemist Junior - JCH	\$ 87.95	\$ 87.95	\$ 90.59	\$ 93.31		
Technical Editor - TEC	\$ 87.80	\$ 87.80	\$ 90.44	\$ 93.15		
GIS/CADD - GIS	\$ 87.50	\$ 87.50	\$ 90.12	\$ 92.83		
Technician Senior - STE	\$ 83.88	\$ 83.88	\$ 86.37	\$ 88.96		
Administrator - ADM	\$ 78.29	\$ 78.29	\$ 80.63	\$ 83.05		
Technician Junior - JTE	\$ 48.12	\$ 48.12	\$ 49.57	\$ 51.05		

Notes:

1. Rates are fully burdened and include labor, overhead and profit. Profit of 10% has been included in the attached rates.
2. Guam Revenue Tax (GRT) of 4.166% is not included in this rate schedule. GRT will only be applied to the entire contract value at the prime AE level (Stanley Consultants).
3. ESCALATION: Annual escalation shall occur on the date of the initial contract award, in each subsequent option year. For the Base contract (Option Years 1 and 2), escalation will be 3.00%. At each of the Base Contract Period, escalation for Option Years 1 and 2 will be recalculated based on applicable wage and labor pricing indexes.

Ruder Integrated Marketing Strategies
RATE SCHEDULE FOR GPA-17-001 EPCM SERVICES

LABOR CATEGORY	Fully Burdened Rate (Base Year)		Base Year Unit Rate \$/HR	Option Year 1 Unit Rate \$/HR	Option Year 2 Unit Rate \$/HR	Option Year 3 Unit Rate \$/HR	Option Year 4 Unit Rate \$/HR
			BASE CONTRACT			CONTRACT OPTION 1	
	A		A	B=A*3.0%	C=B*3.0%	D=C*TBD	E=D*TBD
Home Office Professional							
Sr. Project Manager	\$ 165.00		\$ 165.00	\$ 169.13	\$ 173.35		
Outreach Coordinator	\$ 110.00		\$ 110.00	\$ 112.75	\$ 115.57		
Assistant	\$ 75.00		\$ 75.00	\$ 76.88	\$ 78.80		
Creative Director/Designer	\$ 125.00		\$ 125.00	\$ 128.13	\$ 131.33		
Copywriter	\$ 90.00		\$ 90.00	\$ 92.25	\$ 94.56		

Notes:

1. Rates are fully burdened and include labor, overhead and profit. Profit of 10% has been included in the attached rates.
2. Guam Revenue Tax (GRT) of 4.166% is not included in this rate schedule. GRT will only be applied to the entire contract value at the prime AE level (Stanley Consultants).
3. ESCALATION: Annual escalation shall occur on the date of the initial contract award, in each subsequent option year. For the Base contract (Option Years 1 and 2), escalation will be 3.00%. At each of the Base Contract Period, escalation for Option Years 1 and 2 will be recalculated based on applicable wage and labor pricing indexes.

PENDING TEAM MEMBER SCHEDULES							
RATE SCHEDULE FOR GPA-17-001 EPCM SERVICES							
LABOR CATEGORY	Fully Burdened Rate (Base Year)		Base Year Unit Rate \$/HR	Option Year 1 Unit Rate \$/HR	Option Year 2 Unit Rate \$/HR	Option Year 3 Unit Rate \$/HR	Option Year 4 Unit Rate \$/HR
			BASE CONTRACT			CONTRACT OPTION 1	
	A		A	B=A*3.0%	C=B*3.0%	D=C*TBD	E=D*TBD
<i>The Following Rate Schedules will be provided post-award in advance of future tasks requiring their services</i>							
Moffatt & Nichol							
CH-IV							
Galway Group							

Attachment 3
Engineering, Procurement, & Construction Management (EPCM) Contract
Stanley Consultants, Inc.
January 12, 2017

GPA EPCM Price Proposal

The Stanley Team proposes to provide the requested services outlined in John Benavente's January 9 letter for a total estimated **Time and Material fee with a Not to Exceed limit**, inclusive of all labor, overhead, profit and GRT of \$1,152,669. This amount includes all estimated travel expenses and Guam 4.166% tax.

The Stanley Team proposes to split this effort into pre-bid and post-bid task activities in order to stay within the GPA budgeted amount for 2017. The enclosed proposed schedule (Attachment 1A), if maintained throughout the procurement process, provides a bid submittal date for IPP bidders on January 5, 2018.

The estimated expenditures in calendar year 2017 for Task 1 activities is \$749,364. This leaves an estimated total of \$403,305 to be executed through future funding of Task 1 activities in calendar year 2018.

Task 1 pre-bid efforts include the following activities requested by GPA:

- Develop Project Execution Plan and Work Breakdown Structure Development (task 1H)
- Industry Outreach (task 1B)
- Develop Procurement Plan/Procurement Model Development (IPP) (task 1I)
- Develop Performance Criteria and Guarantees (task 1D)
- Develop Procurement Documents (task 1J)
- Regulatory and Stakeholder Outreach Support (task 1L)
- Develop Cooling Tower Conceptual Design (task 1E)
- Develop Fuel Pipeline Specifications (task 1F)
- Research/Survey Environmental and Construction Permits (task 1G)
- Issue IPP package for GPA review, PUC approval (part of task 1K)
- Issue IPP Package for bid (part of task 1K)

Task 2 post-bid activities include the following activities requested by GPA:

- Evaluating proposals (part of task 1K)
- Selecting preferred bidder (part of task 1K)
- Negotiating with preferred bidder to an agreed upon contract (part of task 1K)

The following tasks were advised to Stanley Consultants in your letter as "not required by GPA." These project activities have not been priced or incorporated into the proposed services for Task 1. Should GPA desire to incorporate these activities into the work program under Task Order 1 or another project activity, they would be a compensable Additional Service.

- Business Model Development (task 1A)
- Preliminary Conceptual Site Selection (task 1C)

Attachment 3
GUAM POWER AUTHORITY
Request for Proposal GPA-RFP--17-001 for EPCM Contract
Stanley Consultants, Inc.
January 18, 2017

Fee Estimate - Labor hours and cost

TASK 1 - NEW GENERATION PROJECT DEVELOPMENT

	Stanley Consultants	K & M Advisors	RIMS	EA	Pond Engineering	Subtotal
Activity 1b - Industry Outreach						
Labor Hours	10	40			0	50
Fee Estimate	\$ 2,294	\$ 9,920	\$ -	\$ -	\$ -	\$ 12,214
Activity 1d - Performance Criteria and Guarantees Development						
Labor Hours	146	88			45	279
Fee Estimate	\$ 26,568	\$ 22,320	\$ -	\$ -	\$ 6,265	\$ 55,153
Activity 1e - Cooling Tower Conceptual Design Development						
Labor Hours	68	0			0	68
Fee Estimate	\$ 12,058	\$ -	\$ -	\$ -	\$ -	\$ 12,058
Activity 1f - Fuel Pipeline						
Labor Hours	36	4			378	418
Fee Estimate	\$ 6,408	\$ 1,080	\$ -	\$ -	\$ 51,975	\$ 59,463
Activity 1g - Environmental and Construction Permits						
Labor Hours	28	0		20	0	48
Fee Estimate	\$ 4,329	\$ -	\$ -	\$ 3,340	\$ -	\$ 7,669
Activity 1h - Project Execution Plan and Work Breakdown Structure						
Labor Hours	270	16			119	405
Fee Estimate	\$ 56,052	\$ 4,560	\$ -	\$ -	\$ 24,942	\$ 85,554
Activity 1i - Procurement Model Development (Procurement Plan)						
Labor Hours	76	242			0	318
Fee Estimate	\$ 17,767	\$ 53,620	\$ -	\$ -	\$ -	\$ 71,387

Attachment 3
GUAM POWER AUTHORITY
Request for Proposal GPA-RFP--17-001 for EPCM Contract
Stanley Consultants, Inc.
January 18, 2017

Fee Estimate - Labor hours and cost

TASK 1 - NEW GENERATION PROJECT DEVELOPMENT

	Stanley Consultants	K & M Advisors	RIMS	EA	Pond Engineering	Subtotal	
Activity 1j - Procurement Document Development							
Labor Hours	566	457		40	36	1099	
Fee Estimate	\$ 96,956	\$ 99,350	\$ -	\$ 5,200	\$ 3,835	\$ 205,341	
Activity 1k - Procurement Process Support							
Labor Hours	442	730			80	1252	
Fee Estimate	\$ 84,707	\$ 162,060	\$ -	\$ -	\$ 12,710	\$ 259,477	
Activity 1l - Regulatory and Stakeholder Outreach Support							
Labor Hours	37	137	90		0	264	
Fee Estimate	\$ 5,691	\$ 28,200.0	\$ 15,000.0	\$ -	\$ -	\$ 48,891	
Stanley Project Management & Administration							
Labor Hours	344	105			0	449	
Fee Estimate	\$ 75,494	\$ 30,000.0	\$ -	\$ -	\$ -	\$ 105,494	
TOTAL HOURS BY CONSULTANT:	2023	1,819	90	60	658	4650	TOTAL HOURS
TOTAL FEE BY CONSULTANT:	\$ 388,325	\$ 381,110	\$ 15,000	\$ 8,540	\$ 99,727	\$ 892,702	
Estimated Average Rate:	\$ 191.95	\$ 209.52	\$ 166.67	\$ 142.33	\$ 151.56	\$ 191.98	
Subcontractor Management and Coordination - 10%		\$ 38,111	\$ 1,500	\$ 854	\$ 9,973	\$ 50,438	
Expenses	\$ 100,875						
Trips (US Mainland to Guam)	\$ 52,000	\$ 52,992			\$ 8,000	\$ 112,992	
	13	13			2		
Totals	\$ 541,200	\$ 434,102	\$ 15,000	\$ 8,540	\$ 107,727	\$ 1,106,569	
Guam tax 4.166%						\$ 46,100	
Total fee estimate New Generation Project Development						\$ 1,152,669	TOTAL FEE ESTIMATE

Attachment 3
GUAM POWER AUTHORITY
 Request for Proposal GPA-RFP--17-001 for EPCM Contract
 Stanley Consultants, Inc.
 January 18, 2017

Fee Estimate - Labor hours and cost

TASK 1 - NEW GENERATION PROJECT DEVELOPMENT

	Stanley Consultants	K & M Advisors	RIMS	EA	Pond Engineering	Subtotal
--	---------------------	----------------	------	----	------------------	----------

ESTIMATED BREAKDOWN OF FEE AND EFFORT, 2017 AND 2018

2017 Total Hours		1619		1176		90		60		618		3563 TOTAL 2017 HOURS
2017 Total Labor	\$	304,543	\$	235,443	\$	15,000	\$	8,540	\$	93,372	\$	656,898
2017 Expense	\$	32,000	\$	26,496	\$	-	\$	-	\$	4,000	\$	62,496
2017 Total Fee	\$	336,543	\$	261,939	\$	15,000	\$	8,540	\$	97,372	\$	719,394
Guam tax 4.166%											\$	29,970
Total fee estimate New Generation Project Development 2017											\$	749,364 TOTAL 2017 FEE ESTIMATE
2018 Total Hours		404		643		0		0		40		1087 TOTAL 2018 HOURS
2018 Total Labor*	\$	83,782	\$	145,667		0		0	\$	6,355	\$	235,804
Subconsultant Management	\$	100,875									\$	100,875
2018 Expense	\$	20,000	\$	25,496		0		0	\$	4,000	\$	50,496
2018 Total Fee	\$	204,657	\$	172,163		0		0	\$	10,355	\$	387,175
Guam tax 4.166%											\$	16,130
Total fee estimate New Generation Project Development 2018											\$	403,305 TOTAL 2018 FEE ESTIMATE

* Includes Subcontract Management and Coordination



February 2, 2017

John Benavente, PE
General Manager
Guam Power Authority
688 Route 15 – Suite 100
Mangilao, Guam 96913-6203

Attn: Ms. Dawn KP Fejeran
Buyer, Procurement Materials Management Division

Subject: Task #0001 – Best and Final Offer (BAFO), No. GPA-RFP-17-0001
Engineering, Procurement and Construction Management (EPCM) Contract

Dear Ms. Fejeran:

Thank you very much for the opportunity to present our Best and Final Offer (BAFO) to GPA. Our proposal includes the following components, each current as of the date of this letter.

1. Technical Approach and Proposed Task Schedule
2. Rate Schedules
3. T&M Financial Proposal, Task 1

If you have any further questions or if I can provide additional information, please contact me via email at stump@stanleygroup.com or by telephone at 808.542.9265, or please contact Noel Enriquez at 646-3466 or by email at enriqueznoel@stanleygroup.com. We look forward to reaching agreement with you on the technical and financial aspects of the first task under your New Generation Project.

Sincerely,

Stanley Consultants, Inc.

Richard E. Stump, AIA, LEED AP BD+C
Vice President

cc: Chuck Spooner, Stanley Consultants
Noel Enriquez, Stanley Consultants

Attachments Listed above

Attachment 1

Scope of Work (SOW)

GPA EPCM – New Generation Project Development

BAFO – February 2, 2017

TASK 1 – NEW GENERATION PROJECT DEVELOPMENT

SUBTASK 1 – PROJECT INITIATION PROCESS

Activity 1.1: Project Initiation Conference

The first order of business for Task 1 – New Generation Project Development, is to hold a 2 day project initiation conference at GPA's headquarters on Guam. Representatives from GPA and the Stanley EPCM Team including Stanley Consultants, K & M, RIMS, EA, and Pond will attend the meeting. The Stanley project manager will prepare the agenda for the meeting with input from all attending parties. The purpose of the meeting is to answer questions about the project scope, schedule, and budget, technical issues, environmental issues, project communications, major equipment, renewables integration, intended plant dispatch assumptions, and other topics that have a direct impact on the project.

Deliverables: Meeting agenda; meeting notes

Activity 1.2: Develop Project Charter

Stanley Consultants will develop the project charter that captures the purpose of the project and documents initial requirements that satisfy the stakeholders' needs and expectations. The charter will also identify measurable project objectives and success criteria, establish the project milestone schedule, the project summary budget, approval requirements, and the project manager's responsibility and authority. This information will be used internally as the overall project guiding principles by the EPCM Team. Based on the project charter the project execution plan will be developed.

Deliverables: Project charter

Activity 1.3: Identify Stakeholders

During the project initiation conference the attendees will develop the initial list of both internal and external stakeholders in the project. Stanley Consultants, with assistance from RIMS, the Community Outreach specialist, will work with GPA to identify stakeholders, agencies, public and private entities who may have input into the project. A stakeholder register will then be prepared. Information contained in the stakeholders register will include the identity of each stakeholder, stakeholder organization, contact information, reason/concern of the stakeholder, response to stakeholder concerns, and comments. The stakeholder register will be maintained by the EPCM project manager and updated and/or modified on a regular basis as the project progresses.

Deliverables: Project Stakeholder Register

SUBTASK 2: PROJECT PLANNING PROCESS

Activity 2.1: Project Execution Plan and Work Breakdown Structure - GPA RFP Activity 1h

This activity, also known as the Project Management Plan, will consist of developing the policies and procedures to be followed during execution of the project. This will be a comprehensive document that includes the following components:

- Scope of Work (SOW) for the entire EPCM team
- Work Breakdown Structure (WBS)
- Project baseline schedule
- Project quality plan
- Project resource plan (human resources, tools, etc.)
- Project communications plan
- Project risk management plan

The Project Execution Plan and WBS will be utilized by the EPCM team as the guiding document that governs how the project is to be executed by all team members.

Deliverables: Project Execution Plan including the Work Breakdown Structure

Activity 2.2 Industry Outreach – GPA RFP Activity 1b

Using Stanley Team's extensive experience in advising on IPP development and familiarity with the lead IPP developers and lenders in the region and around the world, Stanley Team will identify the IPP proponents and lenders that are likely to be interested in investing in an IPP in Guam and will contact them to determine interest and obtain recommendations on structuring the contract. The prospective IPP proponents may include U.S., Japanese, Korean, and Middle Eastern companies. This list will be coordinated with GPA before any contacts are made. The prospective lenders would include bilateral financial institutions (e.g. JBIC) or export credit agencies (e.g. KEXIM), and commercial banks.

After defining the transaction structure and the type of contract under Task 2.3, the Stanley Team will conduct teleconferences with the identified prospective IPP proponents and lenders to obtain their views on the Project commercial and financial structure, major commercial and legal risks, the bidding process, and to confirm their interest in submitting an IPP bid for the Project. The information obtained from these industry contacts will be used in preparing the IPP procurement documents.

Deliverables: Contact List of potential proponents
List of major risks that have to be addressed in the bidding documents to attract the IPP proponents and lenders
Summary notes on proponent and lender interest; recommendations on how to structure the tender in order to achieve the best price and value

Activity 2.3: Procurement Model Development (Procurement Plan) – GPA RFP Activity 1i

The Stanley Team will develop a Procurement Model and associated Procurement Plan. The Procurement Model will address the following issues:

- Transaction structure and type of contract

It is the Stanley Team's understanding that the GPA-IPP Procurement contract will be an Energy Conversion Agreement (ECA) with the transaction structured as a 20 to 25 year Build-Operate-Transfer (BOT) with provisions for a one or two five-year options to extend operations and maintenance of the power plant after the plant is turned over and upon mutual agreement and successful negotiations between GPA and the IPP Contractor. The Stanley Team in consultations with GPA will address the following in order for the Stanley Team and GPA legal advisors to be able to commence drafting the contracts for the RFP package:

 - Type of offtake contract—ECA; BOT
 - The Contract will be an ECA. GPA will be supplying the fuel
 - Energy Conversion Fee (\$/MWH) – Variable Cost Coverage – Net Send Out
 - Monthly Fixed Capacity Fee – Debt Service and Recapitalization
 - Monthly Fixed O&M Fee – Based on Maintenance Scope and Schedules
 - Other fees the Stanley Team recommends and GPA agrees to
 - The Contract will be a Build Operate Transfer (BOT)

Twenty or twenty five years with a two or one five-year options to extend the operations and maintenance of the power plant after the plant is turned over upon mutual agreement and successful negotiations between GPA and the IPP Contractor
 - The Contract will have at a minimum the following performance guarantees and performance incentive/penalty structures:
 - Efficiency (Net Heat Rate)
 - Availability
 - Forced Outage Rate (Consider an excessive trips penalty as well)
 - Frequency regulation
 - Contingency response
 - Startup response
 - Other performance guarantees and performance incentive/penalty structures the Stanley Team recommends and GPA agrees to
 - Provisions for regular performance testing by a third party for heat rate and capacity
 - Provisions for GPA to have the right to periodically inspect the plant and receive plant alarms and root cause analysis for any failures
 - Provisions that the IPP must participate in GPA's POET Analysis Team
 - Provision that the IPP system protection philosophy must support ride through during system disturbances to avoid blackouts
 - GPA will work with the Stanley Team to establish value of under/over performance. The process will include the following analyses:
 - PICES (increasing availability reduces reserve margin requirement for GPA's Generation Reliability Performance Criteria of 1 day in 4.5 years LOLE)
 - GENOPS/STRATEGIST (Value of Efficiency)
 - Trips/FOR (Cost of Shed Loads; Lost Revenues)
 - GPA ownership/stake on the SPV developing the IPP

The Stanley Team will review and provide comments to GPA on the SPV created by the proponent. The final decision in these matters will be made by GPA. Issues to be reviewed include but are not necessarily limited to:

 - Up to a 25% equity stake at GPA's discretion
 - Schedule of ownership/stake values over time
 - Sunrise and sunset provisions

- Future LNG facilities development and construction

The Stanley Team will develop recommendations on how to address the future LNG facilities in the RFP and the draft Project Agreements and finalize the approach in discussions with GPA.

[Potential Future Task] – Inclusion of inputs and design coordination with LNG specialist team members, to include Moffatt & Nichol, CH-IV and Galway Group. This effort will be included at a later date under a separate activity.

- Development and construction of transmission interconnection facilities (transmission line and substation)

Technical aspects of the transmission interconnection will be discussed and resolved between Stanley and GPA technical teams. Our budget assumes that the Project will be structured so that the transmission interconnection facilities will be constructed by the Project and the cost of this transaction will be recovered via tariff. The new transmission interconnection facilities are to include the following:

- 115 KV indoor substation. This element to be subject to further discussions with GPA Engineering.
- New works at the existing Harmon substation
- Two 115 KV transmission lines out of New Generation Facility
- Rigorous discussions with GPA SPORD, Engineering, T&D especially on system protection.
- Considerations for including latest state of the art in transmission and substation design

- IPP and GPA's role with respect to selling ULSD to third parties. The approach will be finalized in discussions with GPA
- Type, if any, of Government support needed to improve GPA's credit as an off taker. The Stanley Team will review GPA financials and credit rating. Based on GPA's clarifications, the GPA credit rating is expected to be adequate to attract project proponents without Government support.

- Identify Project procurement risks

The Stanley Team will identify the Project risks that could prevent the Project from being successfully bid and awarded. For the bidding to be successful, the bidding process should be fair, and transparent, and the RFP and the draft agreements included in the bidding documents should properly address Project risks. Based on their review and the results of consultations with the prospective proponents and lenders and its' own analysis, the Stanley Team will identify Project risks related to both the bidding process and the provisions of the draft contracts. The team will then develop a risk matrix listing the risks, identifying the party to which the risk is allocated, and risk mitigation strategy.

- Identify procurement constraints

The Stanley Team will work with GPA to identify procurement legal, regulatory, technical, and commercial procurement constraints including the necessary regulatory approvals and the required timing, and consider those constraints in the Procurement Plan.

- GPA will identify local legal and regulatory constraints and local permitting requirements.
- Stanley Team will identify commercial (Bidder perspective) procurement constraints and major Federal permitting constraints.
- The IPP Proponent will have final responsibility for identifying and obtaining all required permits and approvals for the Project.

- List procurement assumptions

The Stanley Team makes the following procurement process assumptions as part of preparing the Project Procurement Plan:

- This procurement will utilize a two phase procurement process including pre-qualification and bidding phases. The pre-qualification phase will be open to all parties interested in the project. The bidding phase will include only those parties that have met the pre-qualification criteria.
- This procurement will adopt a modified version of the Multistep Bid procurement process for this procurement. GPA SPORD will provide the Stanley Team with recent GPA multistep bids as examples.
- The Stanley Team will develop the pre-qualification document including technical, commercial, and financial qualification criteria for GPA review and approval.
- All the IPP proponents meeting the pre-qualification criteria will be allowed to submit their bids.
- Two envelope evaluation process for IPP bids with technical evaluation being performed first, and financial (tariff) evaluation only performed for the bidders who passed technical evaluation.
- Criteria that may be included in the two phase procurement process include:
 - First pre-qualification step:
 - Evaluate Proponent's past performance on similar projects
 - Evaluate Proponent's portfolio of current projects versus its resources and capabilities
 - Evaluate Technical and Project Management Capability
 - Evaluate Technical Proposal for project scope
 - Evaluate Project Management Team
 - Second pre-qualification step:
 - Financial and credit worthiness.
 - Ascertain that the Proponent has sufficient financial strength to finance the project upfront including weathering "surprises".
 - Evaluate liens and lawsuits against the Proponent against the risk of adversely affecting the project.
 - Financial evaluation will be conducted by GPA's Finance group.
 - Proponents not passing the financial evaluation will not be looked at further – disqualified.
- GPA issues an amendment based on its reading of the qualified proposals to address:
 - Common misunderstandings of scope.
 - New requirements based on latest information and ideas.
 - Clarifying remarks.
- Round of Q&A
- Proponents are given time to make modifications to their proposals.
- Priced Bid Evaluation.
- Award to be made on Lowest Evaluated Price or Best Value. The evaluation criteria developed by the Stanley Team for GPA review and approval to promote competition so that the selected proponent who offers a technically acceptable power plant selling electricity to GPA at the lowest tariff receives the award.
- Follow up negotiations to finalize Contract.
- Number of post-award negotiations rounds. It is recognized by GPA and the Stanley Team that post-award negotiations will be required. The number of negotiations rounds will be as required to successfully complete negotiations.
- Bid bond amounts and release procedure will be determined by GPA.

- The technical specification will be developed by Stanley and will be a technology agnostic minimum functional specification. It will require using modern, but proven technology, will clearly define interfaces, but leave significant freedom to the proponents in designing their plants to use market forces and competition to minimize the tariff.
 - The major contractual provisions to be included in the draft ECA will be developed by the Stanley Team and finalized in discussions with GPA. The particular items to be addressed will include:
 - Contract Performance Monitoring and Evaluation requirements. Those will be, to the extent practical, based on GPA's IPP Management Handbook
 - Requirement to automate plant KPI/Performance Guarantees data gathering, presentation, and evaluation.
 - Requirements to reporting on operation and maintenance of the power plant and requirements to the end of the ECA term inspections, maintenance, and testing that will have to be completed prior to the transfer of the power plant to GPA.
 - Plant acceptance requirements and performance testing requirements during commercial operation period.
 - QA/QC systems requirements.
 - Schedule and performance liquidated damages and bonuses during construction and commercial operation periods.
 - Several structuring issues (including tariff structure, performance guarantees, GPA ownership, development of future LNG Facilities, USLD sales to third parties) must be analyzed and resolved.
 - 6 to 8 bidders will be prequalified and allowed to submit their bids
 - Other assumptions, as appropriate.
- Develop procurement schedule

The Stanley Team will develop a procurement schedule taking into consideration procurement assumptions. The schedule will, in logical order, list all the procurement activities from the issuance of the Request for Qualifications (RFQ) document until completion of bid evaluation and issuance of the Letter of Selection to the first ranked IPP proponent, post-selection negotiations, financial close, and construction period up to commercial operation date.
- Develop proponent pre-qualifying criteria (screening)

The Stanley Team will prepare for GPA review and approval pre-qualification criteria to evaluate and shortlist the prospective IPP proponents interested in participation in the Project during the pre-qualification phase. The Stanley Team will develop commercial and financial evaluation criteria and Stanley will provide technical evaluation criteria as their inputs. The evaluation criteria will focus on evaluation of proponents' technical capabilities, financial strength, and IPP development and financing experience. The technical capabilities and experience requirements to be developed will include, among other elements, the following:

 - Project Management Capability and Performance.
 - Experience with proven state of the art technologies.
 - Experience in harsh marine environments, typhoon survivability, challenging seismic zone survivability.
 - Non-interconnected, light inertia grid experience or approach.
 - High renewables penetration experience or approach.

The pre-qualification criteria will be finalized in consultation with GPA.

- **Develop evaluation criteria for bids received**

The Stanley Team will develop evaluation criteria for Envelope 1 (technical) and Envelope 2 (tariff) proposals of the IPP proponents. Envelope 1 evaluation criteria will focus on technical soundness of proposed design, experience of the proposed EPC Contractor, equipment suppliers, and O&M Contractor, Project Implementation and Quality Control plans and procedures, and Project financing plan. Envelope 2 evaluation will be based on comparison of the proposed levelized tariffs calculated based on a pre-determined methodology with the lowest tariff determining the winning bid. The bid evaluation criteria will be finalized in consultation with GPA.

- **Identify post award proponent deliverables and deliverable schedule**

The post-award activities of the selected IPP proponent are expected to include:

- Completion of negotiations with GPA and signing the PPA and other contracts.
- Signing the EPC and O&M Contracts.
- Financial close.
- Project construction up to commercial operation date.
- Operating period during the PPA term.

The Stanley Team will identify the deliverables to be developed and submitted to GPA for each of the above activities and develop an indicative schedule for such deliverables. The schedule will be further reviewed and finalized after selection of the preferred IPP proponent.

- **Review Procurement Plan for conformance to Guam Procurement Law**

GPA legal counsel will perform and have overall responsibility for this. The Stanley Team will review and comment on the findings as requested by GPA.

- **Develop plan for obtaining CCU and PUC approval**

GPA will perform and have overall responsibility for this activity. The Stanley Team will support GPA and GPA legal advisors on identifying the list of approvals and consents that would have to be obtained prior to beginning of the IPP procurement process and assist GPA in developing a plan for obtaining such consents as requested by GPA.

The Stanley Team will support the GPA to obtain the necessary approvals by the Public Utilities Commission throughout the structuring and procurement process. We anticipate that some of the points that the PUC will closely scrutinize include:

- Power plant size, and configuration
- Performance guarantees, in particular heat rate and guaranteed capacity
- Tariff calculation methodology
- Procurement process, in particular prequalification criteria and calculation of levelized tariff
- Procurement process, in particular prequalification criteria and calculation of levelized tariff
- Terms adjusted during post-award negotiations.

Using these evaluations and recommendations a final recommended procurement plan for the new generation and ULSD procurement will be developed for GPA review and approval.

Deliverables: New Generation and ULSD Procurement Plan

SUBTASK 3 PROJECT EXECUTION

Activity 3.1 Performance Criteria and Guarantees Development - GPA RFP Activity 1d

The Stanley Team will assist GPA in the development of the plant performance criteria that the successful IPP bidder will be required to achieve.

- **Develop Performance Requirements Targets**
 - While some of the Performance Requirements will be targets specified in the Technical Specification based on the system requirements, others such as, for example, heat rate and proposed capacities will be solicited from the bidders as their guarantees
 - Bidders will guarantee plant performance parameters such a capacity, heat rate, availability, startup and response time, etc. IPP Proponents will be required to include in their bid their performance guarantees
 - The Stanley Team will recommend to GPA the list of performance parameters having significant economic impact on GPA to be included in the financial evaluation model and proposed financial evaluation methodology. The list of parameters and methodology for evaluation of their economic impact will be discussed and finalized with GPA.
 - Meeting and exceeding these targets will have an economic value that GPA will use to evaluate the proposals
 - GPA will use GENOPS/Strategist, PICES, GE PSLF/PSDS, and other tools to determine these values
 - The Stanley Team will review GPA's evaluations and provide comments to assist GPA in this effort

The major performance parameters to be guaranteed by the IPP Proponent as a condition for the Project to be accepted by GPA include the following:

- **Guaranteed Commercial Operation Date (COD)**
 - GPA will set a target for Commercial Operation Date. Stanley Team will determine if it is feasible. GPA and the Stanley team will agree on the final COD requirement. The target COD will be included in the Request for Proposal (RFP). An evaluation provision will be developed to determine the worth of meeting the target date which will then be applied by GPA to the IPP Proponent's proposed COD.
- **Guaranteed net plant electrical output at full and minimum loads.** The total aggregate plant capacity must be between 120 MW and 180 MW (whether this is net or gross plant capacity to be clarified by GPA).
 - GPA will use PICES (Probabilistic Investigation of Capacity and Energy Shortages) and the proposal information for number of units, individual plant capacity, EFOR (Equivalent Forced Outage Rate), EAF (Equivalent Availability Factor), and Scheduled Maintenance in order to determine whether the proposal meets the one day in 4.5 years LOLE (Loss of Load Expectation)
 - Plant minimum capacity shall be 50% of MCR (Maximum Capacity Rating) or lower while meeting emissions limits
- **Guaranteed net plant heat rate at full and partial loads.** Stanley Team does not expect to specify target efficiencies. The bidders will have to provide guarantee heat rate curves for the plant loads.
 - Target efficiency is 50% LHV or equivalent HHV at ambient conditions
 - Heat rate curves are required at 25%, 50%, 75% and 100% of output range as a minimum
- **Guaranteed air emissions, effluent water quality, and noise emissions.** The air emissions, effluent water quality, and noise emissions will be specified based on the applicable environmental requirements. GPA has inputs from TRC it may provide to the Stanley Team.

- Guaranteed grid stability parameters
 - GPA to provide the Stanley Team with this number from AEB Consulting/EPS
 - Plant must operate on Automatic Generation Control (AGC)
 - Plant response to unit trips will be sufficient to reduce first stage UFLS activations from historical by 98% given the installation of ESS contingency reserve, AGC, and other system measures

The Stanley Team will provide a suggested list of performance parameters that will have to be guaranteed by the IPP. Those parameters will be discussed with GPA and finalized as a result of these discussions. The major performance parameters that will impact the cost of electricity generated by the IPP during operating phase and that will have to be guaranteed by the IPP proponent include:

- Power output and heat rate degradation
 - Proponents will be required to nominate an annual Capacity and Heat Rate Guarantee for each year of commercial operation
 - It is understood by the Stanley team that GPA requires a data infrastructure for real-time monitoring and analysis of heat rate. GPA requirements regarding a data infrastructure for real-time monitoring and analysis of heat rate and heat rate performance management system will be discussed with GPA and, after finalization, included in the RFP specification.
 - Third party capacity and heat rate testing. Depending on the tariff structure, periodic heat rate testing may or may not be required. This issue will be discussed with GPA and the requirement will be included in the RFP specifications depending on the result of this discussions. Frequency of testing, if required, to be discussed between GPA and the Stanley Team.
 - Achieved heat rate will be compared to modeled heat rate
- Power plant availability
 - The draft ECA will include annual outage allowance and LDs to be paid by the IPP in case the outage allowance is exceeded. The allowance will be discussed with GPA and set based on the best industry practices for diesel and gas burning technologies.
 - Plant start-up time. This value will be provided by the bidders with their proposal based on the technology they select.
 - Plant ramp rate. To be determined from discussions between GPA, AEB/EPS and Stanley Team, based on GPA requirements.
 - Guaranteed utility's consumption (potable water, grey water, cycle makeup water). These values will be guaranteed by the bidders and considered in financial evaluation.

The Stanley Team will include these and other parameters, as appropriate, in the RFP and the draft Project Agreements and develop the guarantee forms to be filled out by the bidders with their proposals. The performance guarantee tables included in the proposals will become the basis for technical and financial bid evaluation. The Stanley Team will also obtain and review existing RFP materials developed by GPA for similar projects and, after discussions with GPA and finalizations, use them in the RFP documents and draft project agreements, as appropriate.

- Stanley Team will refine GPA's inputs and finalize for Multistep Bid

- **Develop Evaluation Worksheets**

The Stanley Team will develop evaluation worksheets for Envelope 1 (technical) and Envelope 2 (financial) evaluation. The worksheet for Envelope 1 evaluation will consist of a series of tables listing different parameters used as criteria for evaluating adherence of the technical and commercial aspects of the proposal to the RFP requirements.

Envelope 2 evaluation worksheet will be an Excel spreadsheet calculating the levelized tariff for each of the proposals based on the proposed capacity charge, variable O&M charge, and guaranteed capacities and heat rates at full and partial loads using the pre-determined dispatch assumptions, consumption of utilities, and other parameters, as discussed with GPA.

The Stanley Team will also obtain and review existing RFP materials developed by GPA for similar projects and, after discussions with GPA and finalizations, use them in the RFP documents and draft project agreements, as appropriate.

- o Stanley Team will refine GPA's inputs and finalize for Multistep Bid

Deliverables: Technical and performance requirements input
Evaluation worksheets

Activity 3.2: Cooling Tower Conceptual Design Development using Grey Water Source – GPA RFP Activity 1e

The Stanley Team will review the grey water chemistry and the flow rate available from the GWA water treatment plant for plant use with a cooling tower. Industry experts will also be consulted to identify current best practices for grey water use in cooling towers. Depending on the generation technology selected by the IPP contractor the quality and amount of water required for plant cooling will vary. Some technologies may not require a cooling tower at all as they typically utilize an air cooling (fin fan) system. Assuming a cooling tower is required the EPCM Team will develop a conceptual design that can be provided to the IPP bidders as part of the IPP procurement documents.

Deliverables: Conceptual cooling tower design based on the use of GWA treatment plant grey water

Activity 3.3: Fuel Pipeline – GPA RFP Activity 1f

The Stanley Team will develop the required functional specifications for the ultra-low sulfur diesel (ULSD) pipeline. The ULSD pipeline functional specifications will include but not necessarily be limited to the requirements for pipeline permitting, safety, construction, inspection, operations, and redundancy. Provisions for a future alternate natural gas fuel will also be included.

Deliverable: Functional Specifications for ULSD Pipeline with alternate fuel provisions
Overall pipeline route plan drawing with source and destination indication

Activity 3.4: Environmental and Construction Permits Survey – GPA RFP Activity 1g

Permitting in Guam is a challenging process. Many of the permits required for environmental and construction requires a long term process which may delay the start of the project. The Stanley Consultants team will consult with GEPA, DPW and EPA Region IX to evaluate the current permitting timelines. The team understands that EPA Region IX is the federal authority having jurisdiction for environmental regulations on Guam. Permit requirements will be determined, quantified, and appropriately addressed in the procurement documents for compliance. A register of both the environmental and construction permits required for the project, including the new generation plant and the ULSD pipeline, will be developed for inclusion in the IPP procurement package.

Deliverable: Environmental Permit Register; Construction Permit Register

Activity 3.5: Procurement Document Development – GPA RFP Activity 1j

The Stanley Team will assist GPA in preparing the pre-qualification document using the pre-qualification criteria developed as part of Activity 2.3. The Stanley team will assist GPA in developing Volumes I through V plus any required Appendices of the project procurement documents. A detailed list of what is to be included in each volume will be developed and reviewed with GPA prior to actual development of the volume contents. The volumes to be developed include:

Volume I – IPP Procurement Scope

This volume will include the entire scope of services and work that the successful IPP bidder will be required to perform for the design, procurement, construction, start-up and commissioning, and operation of the new generation plant and ULSD pipeline. This volume is expected to contain a brief description of the scope to be delivered by the selected IPP proponent, description of Guam power sector, regulatory regime, site location, applicable regulations, fuel and water supply and power evaluation arrangements and interfaces, permitting requirements, and other relevant general information about the Project and Guam. A Division of Responsibility will be included in Volume I to summarize the proposed project responsibilities and responsible parties.

Volume I will be developed by GPA, reviewed by the Stanley Team, and finalized by the Stanley Team after discussing and resolving the Stanley Team comments and suggestions with GPA. The Stanley Team expects that the draft agreement that will be consistent with best international practices for IPP bidding, and will not require significant changes and revisions to be done by Stanley.

- GPA will be responsible for preparing Volume I
- Stanley Team will refine GPA's inputs and finalize for Multistep Bid

Volume II – IPP Procurement Process Instructions

This volume will include the instructions the IPP proponents will be required to comply with in order to submit an acceptable bid for the project. The documents that must be included in a bid will be clearly identified and a checklist can be provided for use by both IPP proponents and GPA to verify compliance with the tender requirements. This volume will contain description of the procurement process including procurement schedule, instructions for bid submittal, bid bond requirements, evaluation criteria, and description of the award cycle.

Volume II will be developed by GPA, reviewed by the Stanley Team, and finalized by the Stanley Team after discussing and resolving Stanley's comments and suggestions with GPA. The Stanley Team expects that the draft agreement that will be consistent with best international practices for IPP bidding, and will not require significant changes and revisions to be done by the Stanley Team.

- GPA will be responsible for preparing Volume II
- Stanley Team will refine GPA's inputs and finalize for Multistep Bid

Volume III - IPP Procurement Technical Specifications

The technical specifications that define the required performance and quality required for the project will be developed here. The technical specifications included in the RFP package will be a minimum functional specification. They will specify minimum functional requirements for the power plant, and will define the scope of supply and services to be provided by the IPP proponent. This volume will include design criteria including applicable technical and environmental standards and redundancy requirements, site ambient conditions, fuel

and raw water characteristics, interface requirements for connection to the GPA power system including metering and communication requirements, and other interfaces. The specification will not include detailed requirements for equipment and systems internal to the power plant other than some specific requirements that GPA could have based on their standard practices and procedures. Drawings necessary to define the scope of work will be developed as part of the specification and included as attachments.

The specification developed by the Stanley Team will be functional in nature and will leave substantial freedom to the bidders to propose their own design of the plant within the functional limits included in the specification. The specification will be technology neutral and will allow the bidders to propose diesel fuel/natural gas fired power generating technology resulting in the lowest levelized tariff for electricity produced by the plant. At the same time, the specification will clearly define interfaces, division of responsibilities, and transmission interconnection system requirements including communications, dispatch, automatic generation control, and functional requirements that have to be met to maintain GPA system stability and reliability. The specification will reflect all the GPA inputs and the results of discussions between GPA and Stanley when performing preceding tasks.

Specifications will be prepared in Construction Specifications Institute (CSI) format. The specifications will cover CSI Divisions 2 through 48. Also included will be required CSI Division 1 specifications that define performance requirements that overlap the various work sections of Divisions 2 through 48.

- Stanley will compile Volume III including GPA inputs and discussions
- Volume III to be technology neutral

Volume IV – IPP Procurement Commercial Terms and Conditions

The Stanley Team believes that Volumes IV and V as described in the GPA request for quotation included in the letter of award are redundant and suggests to rename Volume IV to be called “Draft Project Agreement” and Volume V to be called “Proposal Forms”. The Stanley Team will assist GPA and their legal advisor in developing the draft PPA and other Project Agreements such as Land Lease Agreement, Water Supply Agreement, etc. as required. It is expected that the GPA legal advisors will draft the Project Agreements and the Stanley Team experts will recommend technical and commercial inputs. The draft Project Agreements will be included in Volume IV of the RFP.

We understand that GPA legal counsel will develop the Draft Project Agreement(s). The Stanley Team will review the draft agreement and provide its comments, inputs, and suggestions.

The Stanley Team expects that the draft agreement that will be consistent with best international practices for IPP bidding, and will not require significant changes and revisions to be done by the Stanley Team.

- GPA will be responsible for preparing Volume IV
- Stanley Team will review, recommend, and finalize

Volume V – IPP Procurement Contract (Draft)

This volume will include Envelope 1 and Envelope 2 forms to be filled out and submitted with IPP bidders’ proposals. Envelope 1 forms will include technical data sheets, requests for bidders’ corporate and financial information, technical description of the proposed power plant, EPC and O&M contractor’s qualification information, Bid Bond and Performance Bond forms, forms of cover letter, performance guarantee forms, etc. Envelope 2 forms will include tables to be filled out by the bidder specifying their proposed fixed capacity, fixed

O&M, and variable O&M tariffs for each year of the PPA term as well as heat rate tables showing heat rates at full and partial load to be guaranteed for the term of the PPA.

The scope offered does not include the work of the international lawyers that will be required for drafting the legal documents (for example, power purchase agreement, water supply agreement, etc.), answering legal questions during procurement, performing evaluation of legal aspects of the proposals, participating in negotiations, and so on. The Stanley team assumes that GPA will separately engage a qualified international law firm with experience in IPPs to perform this work. GPA's legal counsel to be a key part of the document inputs and discussions.

Appendices

The Stanley Team will assist GPA in developing Appendices that are required to support Volumes I through V. The number and titles of such Appendices will be developed as the procurement documents evolve. Items that may be in the Appendices could include drawings, lists, diagrams, copies of site maps, copies of applicable Guam laws and regulations, and other materials.

We understand that GPA will compile the documents such as site maps, Guam laws and regulations, drawings of the existing substation, suggested route for interconnecting transmission line, etc. The Stanley team will compile the drawings that may have been developed as part of development of technical specification and other preceding activities. The Stanley team will review and finalize the inputs provided by GPA.

- GPA will be responsible for preparing all Appendices
- Stanley team will review, recommend, and finalize

Deliverables: Inputs to all sections of the RFP document, review and comments, and formatting, as required.

Activity 3.6: Procurement Process Support – GPA RFP Activity 1k

A number of actions will be required to support GPA in communicating with the vendor, evaluating bids, and provide GPA with a recommendation for award. As stated above, the Stanley Team expects the procurement process to include two stages: a) prequalification to shortlist the qualified IPP proponents and b) competitive bidding between the shortlisted IPP proponents. Based on this approach, the Stanley Team activities for procurement process support will include:

- Assist GPA in preparing pre-qualification announcement
The Stanley Team will assist GPA in drafting the announcement inviting interested IPP proponents to obtain pre-qualification document from GPA. The pre-qualification document will be made available to any prospective IPP proponent interested in obtaining the document.
- Assist GPA in evaluation of pre-qualification submittals and developing a shortlist
The Stanley Team will assist GPA in evaluating the pre-qualification documents submitted by the prospective IPP proponents and developing a shortlist of the proponents to be invited to submit their proposals.
- Assist GPA in issuance of the RFP to shortlisted IPP proponents and responding to IPP proponent questions during bidding process
The Stanley Team will assist GPA in responding to technical and commercial clarification questions asked by the bidders. The legal questions are expected to be handled by the GPA legal advisor.

- Assist GPA with IPP proponent tender evaluation and recommendation
The Stanley Team will assist GPA during the Envelope 1 proposal opening ceremony and Envelope 1 proposal evaluation. After the bidders are notified about the Envelope 1 proposal evaluation results and their status (Envelope 2 will only be opened for the bidders whose Envelope 1 proposal is evaluated to be a responsive proposal), assist GPA during the Envelope 2 proposal opening and evaluation. **Our budget is based on shortlisting no more than 6 prospective IPP proponents for proposal submittal.**
- Assist GPA during contract negotiations with selected IPP proponent (2018)
The Stanley Team will assist GPA during the negotiations covering technical and commercial issues. Legal issues are expected to be covered by GPA and their legal advisor. Our budget assumes three rounds of negotiations which each round being 3 days. After each round, the Stanley Team will provide inputs to the minutes of meetings and updated drafts of the Project Agreements. It is expected that redrafting of the Project Agreements will be done by GPA legal advisor.

Deliverables: Pre-qualification of IPP proponents
Responses to proponent questions
Tender clarifications reviews and comments
Tender bid evaluations and recommendation (2018)
Staff presence during contract negotiations, contract review and recommendations as required to support GPA (2018)

Activity 3.7: Regulatory and Stakeholder Outreach Support (as needed)

It is the Stanley Team's understanding that GPA will provide a list of stakeholders and that GPA has an outreach list of potential bidders. The Stanley Team may augment that list stakeholders and potential bidders for off-island regulatory and other concerns. GPA will be responsible for contacting stakeholders. GPA's General Manager will determine the number of stakeholder events based on his discretion and inputs from the CCU and the PUC. Concerns and potential issues will be documented and timelines for review of site reports and conceptual/final design packages will be confirmed to the greatest extent possible.

Stanley Team will:

- Take Direction from GPA's Communication Manager
- Create a message map to guide correspondence and the creation of marketing materials
- Create a media strategy and execution plan
- Create logos and brand materials
- Create marketing materials for stakeholder meetings
- Create infomercials and kiosk material
- Arrange for and support a Bidders' Prebid conference at a suitable site

At the same time environmental management and permitting agencies are engaged, the Stanley Team will begin discussions with other stakeholder groups as identified in the stakeholder register developed during activity 1.2. Stakeholder outreach activities will be coordinated with GPA and the Stanley Team will provide GPA with recommendations on effective ways to communicate and engage the project stakeholders. The Stanley team will attend up to three public meetings when requested by GPA in order to provide support for the project.

- GPA will hold and host the stakeholder meetings
- Stanley Team will support
- Stanley Team will obtain the venues and refreshments as required

The Stanley public relations support team will also support the GPA PAO office and its professional staff. Once the project is underway a regularly scheduled meeting will be necessary to align goals and objectives and keep project action items closely monitored. The Stanley public relations support team is a tool for GPA PAO office to use to assist with public relations and outreach initiatives associated with New Generation Project Development. The overall goal of the team is to work seamlessly with the GPA PAO office in order to build customer and community engagement concerning issues important to GPA.

The team will start with assisting with the understanding of the needs and requirements of GPA's PAO office relative to the project. In addition, the team will assist GPA PAO office in determining the most impactful way to communicate the key messages of GPA and support the PAO office. This effort will also include an on-call assistance program for GPA PAO office to use to support their efforts as needed.

Deliverables: Public relations support

SUBTASK 4 PROJECT MONITORING AND CONTROLLING

Activity 4.1 Project Management of the EPCM Contract

This activity is listed under this subtask but will be occurring throughout the entire project. The Project Manager along with Project Controls will be utilized to provide continuous monitoring of project progress, quality, scope, budget, and risk. The Project Manager will be responsible for taking remedial action when necessary to correct any problems with these items. The Project Manager will be responsible for submitting to GPA weekly project status reports, a comprehensive monthly project progress report, and an updated project schedule. The Project Manager will monitor the project for any scope changes and keep GPA informed whenever a scope change occurs so that the issue can be resolved quickly. The Project Manager will be responsible for monitoring and controlling the project planned budget versus actual cost. The Project Manager will also be responsible for submitting monthly invoices for the EPCM team to GPA and responding to any questions GPA may have regarding invoices. Project risk will be monitored and the Project Manager will maintain the project risk register and update it regularly as the project proceeds.

Deliverables: Weekly status reports, monthly project reports, monthly schedule updates

Activity 4.2 Quality Control

Project quality control will occur on a regular basis throughout the project. All Deliverables produced will undergo a quality control check before being issued to GPA for review. Stanley Consultants and all subcontractors will be required to comply with the Project Quality Plan developed at the beginning of the project. The Project Manager will be responsible for performing the quality assurance process verifying that the required quality control is being performed by the EPCM Team.

Deliverables: Quality control report

SUBTASK 5 PROJECT CLOSEOUT

Activity 5.1 Verification

At completion of the project but before the project is officially closed out a review will be made to verify whether all contractual deliverables and documentation had been properly submitted to GPA. A closeout

checklist will developed as an aid in the verification process to document that all required documents and deliverables were completed and submitted to GPA.

Deliverables: Project Closeout Checklist

PROPOSED TRAVEL

The Stanley Consultants Team proposes the following trips to Guam in support of the effort outlined above. These trips will be authorized in advance, and in writing, by GPA prior to mobilization of any Stanley Team members.

Project Task		Stanley Consultants	K&M	Pond
1.1 Project Initiation Conference		2	2	1
MI -1020 Present IPP Package		2	1	
3.6 Pre-Bid Meeting		1	1	
3.6 Negotiations		1	3	
Total		6	7	1