



VIRGIN ISLANDS WATER & POWER AUTHORITY

RFQ-05-25

**SUPPLY OF LOW SULFUR & ULTRA LOW SULFUR DIESEL FOR ST.
THOMAS & ST. CROIX, U.S. VIRGIN ISLANDS GENERATING FACILITIES**

Date: October 21, 2024

ADDENDUM I

This Addendum is provided in response to the following inquiries relative to RFQ-05-25:

- 1) “As you may know, SOL currently has a Fuel Supply Contract, SC-0824 with WAPA effective June 3, 2024, for the supply of 25,568 barrels of ultra-low sulfur diesel in St. Croix (the “Contract”).

Kindly confirm that the annual volume requirements set out in the RFQ would be in addition to the 25k barrels of ULSD supplied by SOL under our current Contract.”

Response: Contract SC-08-24 is a contingency trucking solution for emergency situations when other factors make it prohibitive to barge larger quantities to replenish storage tanks. The 25,568 barrels which is part of the three-year supply contract for STX would be inclusive of the estimated 90,000 barrels per year, and not in addition to.

- 2) “In light of the upcoming federal holiday, SOL respectfully requests an extension until October 17, 2024 to submit its questions for the RFQ. Please advise if possible.”

Response: The request for extension is approved.

- 3) “Do we understand correctly that it is Ok to submit a proposal for biodiesel only and not supply low sulfur and ultra low sulfur petroleum based diesel?”

Response: The procurement is an RFQ. We are requesting quotations to match the specification detailed in the package, therefore, the only responses that will be evaluated are the ones deemed to be responsive to the request. An RFP would have entertained other fuel considerations, such as the one suggested above. However, the offeror is free to submit a proposal for the alternate fuel for future consideration in addition to their RFQ response.

- 4) Kindly confirm if WAPA is exempt from any applicable taxes.

Response: Because WAPA is a government entity an excise tax waiver certificate for fuel is available upon request.

- 5) Is there a form of contract already contemplated?

Response: The Authority’s contracts are uniform in nature. Although a contract has yet to be drafted, active fuel supply contracts are available for review at <https://www.viwapa.vi/news-information/contracts>

- 6) If so, please provide a copy.

Response: Please see response to Question 5.

- 7) When does WAPA anticipate it will require the first delivery of product to both Generating Facilities?

Response: That is subject to completion of all steps included in the procurement process to include evaluation, review and acceptance, Governing Board approval, negotiations and contract preparation.

- 8) Please confirm if WAPA requires supply of both products ULSD and LSD?

Response: The request for both products is to leave the option open for delivery of either product depending on availability. However, WAPA is keenly aware that USLD is the predominantly available product in the US market and may be more readily available.

- 9) Or may offeror only supply ULSD to satisfy RFQ for both Generating Facilities?

Response: This would be preferable, as it allows compliance with EPA mandates for all power generation to be achieved with ULSD in an effort to reduce greenhouse gas emissions.

- 10) Does WAPA have a timeline for transition to exclusive consumption of ULSD?

Response: No.

- 11) Is WAPA open to extending the contract term for a period longer than 24 months?

Response: This option may be negotiated with the successful offeror.

- 12) Please advise if terminal handbooks are available for both delivery locations and provide them if available.

Response: The tank strapping tables are available, and copies could be provided to all bidders.

- 13) Will all deliveries need to be made only to WAPA's terminals at its Generating Facilities?

Response: Fuel for power generation can only be delivered to the power plant. Inventories for that purpose will only be considered at that point, by whatever means the offeror chooses to deliver.

- 14) Or would WAPA be open to continue arranging for pick up at Limetree Bay Terminal?

Response: See response above

- 15) What amounts of ULSD and/or LSD does WAPA typically require for both Generating Facilities each month?

Response: Historical data would not be useful, since WAPA has witnessed a steady decline in the consumption of diesel at both facilities. It would be safe to use an average of the requested totals over a calendar year to get an estimate of monthly requirements for this procurement.

- 16) What is WAPA's expected demand for ULSD during the term of the contract?

Response: WAPA has no expectation of demand quantities for either commodity.

- 17) What is WAPA's expected demand for LSD during the term of the contract?

Response: Same as above.

- 18) What is the maximum volume per delivery that can be received at each Generating Facility?

Response: Limitation is facility and storage capacity dependent. The storage capacity at each facility and the vessel draft information are provided in the RFQ.

- 19) What is the minimum volume per delivery that can be received at each Generating Facility?

Response: Dependent on requested volumes and available storage capacity.

- 20) How often does WAPA expect to receive deliveries of product?

Response: This is dependent on available storage capacity and operational scenarios and conditions at the facilities. Demand fluctuations are seasonal, affected by weather conditions, or scheduled maintenance cycles.

- 21) Storage Capacity only refers to LSD. What is the capacity for ULSD?

Response: The storage capacity is applicable to both.

- 22) Is only LSD stored at tanks 5-7, 14 and 15?

Response: Currently the Authority receives both fuels as available on the market. There is no operational restriction in place preventing the mixture of the commodities.

- 23) Are there additional tanks to store ULSD?

Response: There is no differentiation of storage capacity, as stated above.

- 24) Does one Generating Facility require a different product than the other?

Response: No

- 25) Or do both Generating Facilities work with both ULSD and LSD?

Response: That's correct.

- 26) Can you please clarify the pricing formula requested for each individual product LSD and ULSD and the price references that should be used?

- a. I.e. For ULSD: 50% Argus USGC Wb ULSD + 50% Platts USGC Wb ULSD

Response: This is to mitigate against wild swings in spot market prices. The Authority suggests that the final sale price be an average of the cost of the two traders.

- 27) Please clarify what is meant by “cost per gallon for the truck” referred to in section F.

Response: This represents the cost for the truck solution. It could be represented in “cost per gallon” or “cost per barrel”.

- 28) Please clarify what is meant by “cost per barrel for the barge” referred to in section F.

Response: This represents the cost for the barge/ship solution. It could be represented in “cost per barrel” or “cost per gallon”.

- 29) Is the intent that the price for product delivered to WAPA be equal or less than the rack/terminal rate at Limetree Bay terminal?

Response: The Authority reserves the right to negotiate costs, based on available market information.

- 30) While RFQ indicates that WAPA will award the contract to a single party for both St. Croix and St. Thomas No. 2 distillate fuel oil requirements, this section refers to “service providers” selected. Will WAPA select only one provider for the supply of product to both Generating Facilities?

Response: This cannot be determined in advance of the evaluation of responses from offerors. Whereas it may be the Authority’s preference to deal with one service provider, the responses may dictate otherwise. One offeror may be able to offer both shipping and trucking solutions. Another may be able to offer trucking solution only, while yet another may be able to offer barging/trucking solution to only one island.

- 31) Please indicate if the offeror can supply products at one location and not the other?

Response: See response above

- 32) Please disclose any pre-existing environmental conditions at any of the Generating Facilities.

Response: There is an ongoing recovery and cleanup at the Randolph Harley Plant after the overfilling of a storage tank and subsequent leakage from the containment. The product percolated through the ground and manifested at the shoreline. That discharge was contained with the assistance of the local EPA, Coast Guard, DPNR and NRC.

On the Richmond Plant a leak was discovered on the fuel transfer line after a sheen surfaced and was contained at the cooling pond. The pipe was repaired and continuous monitoring is in place at the cooling pond.

- 33) Is there any ongoing environmental remediation at any of the Generating Facilities? If yes, please provide details or an executive summary of the remediation work and status, site by site.

Response: See above

- 34) Are there any environmental impact assessments on any of the Generating Facilities? If yes, please provide details.

Response: The Environmental Affairs department has no awareness of such assessments. The only parameter that matters is whether the offeror is able to comply with the product specification as presented in the RFQ.

- 35) Is there a preferred frequency for deliveries to each port?

Response: This is dependent on available storage capacity and operational scenarios and conditions at the facilities. Demand fluctuations are seasonal, affected by weather conditions, or scheduled maintenance cycles.

36) What is the split between ULSD and LSD for each plant?

Response: WAPA has no expectation of demand quantities for either commodity. The estimated annual fuel requirement for each facility is as indicated in the RFQ, with volumes comprising of either of the two products.

37) Can you provide a history of payments to past and current suppliers?

Response: No. Provision of such information cannot be provided unilaterally as it would place the offeror in an advantageous position.

38) Does WAPA have any lawsuits pending for payments in relation to the supply of fuel?

Response: Yes

39) Has WAPA been involved in any lawsuits in relation to the supply of fuel?

Response: Yes

If yes, please provide details:

Response: The Authority is currently involved in litigation related to fuel payments. These matters stem from agreements made several years ago and remain pending.

40) Is it possible for us to lease the tanks from WAPA at St Thomas and to supply to WAPA from those tanks as WAPA needs the products?

Response: If the offeror is successful, such conditions could be negotiated.

41) Does the tanks in ST Thomas carry LSD and ULSD respectively and exclusively?

Response: No. Currently the Authority receives both fuels as available on the market. There is no operational restriction in place preventing the mixture of the commodities. There is no differentiation of storage capacity.

- 42) Does WAPA have to pay any import or excise duties on product into the tanks after the product has been supplied to the tanks in St Thomas?

Response: Because WAPA is a government entity the fuel for power generation is not subject to excise taxes. An excise tax waiver certificate for fuel is available upon request.

- 43) Would it be possible for a third party to completely manage the tanks in St Thomas as opposed to just a “Project Manager”?

Response: Yes. As stated in the RFQ, the offeror may utilize a product quality and quantity manager of its choosing or one that the Authority suggests.

- 44) Is it possible to have Government guarantees for the payment of fuel supplied to WAPA?

Response: In recent times, the Authority received Government subsidies to assist with the purchase of fuel. This in no way represents government guarantees for payment.

- 45) Which surveyors do WAPA currently use for determining quantities and qualities supplied?

Response: None.

- 46) Can the submission in response to the RFQ be provided in two parts where the first part complies strictly and the other be a deviation from the actual request to provide terms not considered in the RFQ but which the supplier thinks would be beneficial to WAPA?

Response: The procurement is an RFQ. We are requesting quotations to match the specification detailed in the package, therefore, the only responses that will be evaluated are the ones deemed to be responsive to the request. An RFP would have entertained other fuel considerations, such as the one suggested above. However, the offeror is free to submit a proposal for the alternate fuel for future consideration in addition to their RFQ response.