

KNOXVILLE UTILITIES BOARD

**Addendum No. 1**

Project: **Kuwahee WWTP Combined Heat and Power Facility**

Control No: **952**

Issued: **To all listed Plan holders**

Date: **November 6, 2017**

This addendum forms a part of the Contract described above. The original Contract Documents and any prior addenda remain in full force and effect except as modified by the following which shall take precedence over any contrary provisions in prior documents.

See attached sheet for specifics of this addendum.

Each Bidder shall acknowledge receipt of this addendum by affixing his signature below, by noting this addendum on his Bid Form, and by attaching this addendum to his Bid. **Failure to acknowledge this addendum could be cause for bid rejection.**

**ACKNOWLEDGMENT**

The undersigned acknowledges receipt of this addendum and the Bid submitted is in accordance with information, instructions and stipulations set forth herein.

BIDDER \_\_\_\_\_

AUTHORIZED SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

## **ADDENDUM 1 – Kuwahee WWTP Combined Heat and Power Facility**

**Control No: 952**

### **Clarifications to Questions**

**Question 1:** Will KUB consider other manufacturers of equipment?

**Answer 1:** KUB will not consider other manufacturers of engine. KUB will consider “or equal” for other equipment.

**Question 2:** Does KUB want the life cycle costs included in the price?

**Answer 2:** No. The bid evaluation committee will analyze the life cycle costs associated with each proposal.

**Question 3:** Will KUB list the point or percentages associated with the evaluation criteria?

**Answer 3:** The categories are listed in order of priority. No changes to the evaluation criteria.

**Question 4:** Are any other permits necessary that are not listed? Is there any additional monitoring associated with the air permit?

**Answer 4:** See Clarifications to Specifications, Number 5. Also, performance tests will be required every 8,760 operating hours for each engine.

**Question 5:** Does a catalyst need to be added to exhaust?

**Answer 5:** Preliminary discussions with Knox County indicate that this project will not require a major source permit, so the Best Available Control Technologies should not need to be employed. The Contractor shall confirm permit requirements and coordinate with regulators to acquire air permits.

**Question 6:** Are any penalties passed on to contractor if TVA quotas are not met?

**Answer 6:** Yes, liquidated damages will be assessed if the power production guarantees are not met. See the amended O&M agreement for details on the liquidated damages.

**Question 7:** The 30% design drawings do not include storage for biogas or control velocities for biogas supply. Should this be included in later phases of design?

**Answer 7:** The CHP units are designed to operate on a blend of digester gas and natural gas, and therefore aren't affected by the variations in digester gas production. Therefore, additional provisions for biogas storage are not planned.

**Question 8:** Will KUB sign the DBIA document instead of the KUB standard currently included?

**Answer 8:** No. KUB will not be signing the DBIA document.

**Question 9:** Who will be the holder of the air permit?

**Answer 9:** KUB will hold the permit.

**Question 10:** Does the electrical design need to consider the third future engine?

**Answer 10:** No. The civil site design does need to allocate space for the future generator.

## **ADDENDUM 1 – Kuwahee WWTP Combined Heat and Power Facility**

**Control No: 952**

**Question 11:** Electrical connections to main switchgear in generator building?

**Answer 11:** The connection to the existing 13.2 kV switchgear is shown on E-2 (connects to existing breakers).

**Question 12:** Will KUB amend the RFP documents to clearly delineate construction activities from operations activities where Design Build and Operations and Maintenance agreements will be authorized separately?

**Answer 12:** No. While there are separate agreements for the Design Build and the Operations and Maintenance aspects of the work, a single company or partnership is required to design, build and operate a CHP system that balances capital costs and O&M costs while delivering an optimal performing CHP system.

**Question 13:** Regarding the “Biogas Supply Quantity and Quality” table, will KUB specify that the contractor is required to utilize all available biogas that meets the inbound (pre-gas treatment) specification before KUB will supply natural gas?

**Answer 13:** Yes, the Contractor is required to utilize all available biogas before using any natural gas. Paragraph 2.03.B and 2.03.C in Specification 13239 state that natural gas can only be used as supplemental fuel when there is a shortage of biogas, or as the only fuel when biogas is not available.

**Question 14:** Will KUB clarify that the Contractor is required to coordinate construction activities with other on-site operations, including those of KUB’s biosolids management contractor?

**Answer 14:** The Contractor is required to coordinate activities with KUB as specified throughout Specification 01014. All coordination items shall go through KUB.

**Question 15:** Has an interconnection application been submitted and is it available for review?

**Answer 15:** Not applicable. All electricity will be used onsite.

**Question 16:** Is a sequence of operation available for all operating conditions including startup?

**Answer 16:** Construction constraints are provided in Section 01014 to aid the Contractor in developing a sequence of construction plan, which must be submitted to KUB for review. The Contractor shall provide a startup plan per Section 01665. Section 13239 provides guidance on different operating scenarios for the engines.

**Question 17:** Is KUB expecting the cogeneration system to be offline during a utility disruption?

**Answer 17:** Yes. If the power to the plant is disrupted, the CHP engines will shutdown.

**Question 18:** Regarding Section 6.4 - CHP Facility Maintenance and Spec 13239 – Combined Heat and Power Systems, what activities are meant by “engine servicing and maintenance?”

Additionally, please clarify who (i.e. OEM service provider or O&M contractor) is intended to complete the engine service and maintenance activities. Is it allowable for the PROPOSER’S

## **ADDENDUM 1 – Kuwahee WWTP Combined Heat and Power Facility**

### **Control No: 952**

OPERATOR to achieve factory training and certification and execute engine maintenance of the manufacturer's interval?

**Answer 18:** Engine servicing and maintenance shall follow the engine manufacturer's recommended maintenance schedule. Jenbacher and Caterpillar must certify that the individuals who will be servicing the equipment are qualified to conduct the recommended maintenance, and that using these individuals will not jeopardize the equipment warranties. Any training required to gain certification will be at no cost to KUB.

**Question 19:** Will KUB provide the digester gas sampling records, analytic results, reports, memoranda, and/or all engineering work used to define composition and characteristics outlined in Spec 13240 Packaged Biogas Treatment System Section 1.01, Paragraph E.2?

**Answer 19:** The digester gas sampling records are included in this addendum.

**Question 20:** Would the digester need to be clean before the improvements are made? What are the dimensions of the digester and what type of volume does it produce?

**Answer 20:** Digester cleaning is not included in the scope of this project and is not applicable.

**Question 21:** Will the Operations and Maintenance Agreement be specifically clarified to state that facility outputs (electrical and heat generation) are to be demonstrated solely as a condition of completion and such that no specific output levels are required to be maintained during the operating period? Instead, once system performance is demonstrated to the acceptance of KUB, for the duration of the operating period, the O&M provider would be required to operate the facility in compliance with best industry practices, the Original Equipment Manufacturer's recommendations, and the other terms and conditions of the operating conditions of the operating contract with KUB.

**Answer 21:** Since KUB will be held to the power production guarantee by TVA, KUB will hold the O&M provider to the power production guarantee. See the amended O&M contract for liquidated damages associated with not meeting the power production guarantee. Heat generation performance will not need to be continually analyzed, once performance is demonstrated to the acceptance of KUB. The O&M provider will be required to operate and maintain the facility in compliance with best industry practices.

**Question 22:** Please delete Section 2.3 (Termination without Cause) from Section 0515B.

**Answer 22:** KUB will not delete this clause.

**Question 23:** Please add "Specific policy limits may be satisfied using an umbrella liability policy exceeds the minimum requirements specified herein." to Section 0515B Section 6.

**Answer 23:** KUB agrees to add this language. Refer to the amended O&M contract.

**Question 24:** Please amend Section 7 of Section 0515B to read as follows: "...by reason of liability for damages because of bodily injury, including death, at any time resulting there from, sustained by any person or persons or damage to property, including loss of use thereof, to the extent arising out of or in consequences of the performance by the Proposer under the Agreement

## **ADDENDUM 1 – Kuwahee WWTP Combined Heat and Power Facility**

### **Control No: 952**

to be entered into, except only such injury or damage to the extent occasioned by the negligence of KUB”

**Answer 24:** KUB will not add this language.

**Question 25:** Please add “Notwithstanding the foregoing, if KUB disputes less than the whole invoice, KUB shall timely pay the undisputed portion of the invoice and the disputed portion shall be subject to the procedure described in this Section” to Section 10.3 of Section 0515B.

**Answer 25:** KUB agrees to add this language. Refer to the amended O&M contract.

**Question 26:** Please delete “and with KUB authorized written approval” and “and be signed by both parties” from Section 0515B Section 11.

**Answer 26:** KUB only agrees to delete “and be signed by both parties.” Refer to the amended O&M contract.

**Question 27:** Please move Article II, Section 1 of the O&M Agreement to an addendum and provide that signing the addendum is a condition to commencing performance under the O&M Agreement.

**Answer 27:** KUB will add “O&M agreement is not in effect until the earlier of August 20, 2019, or the final commissioning and the beginning of CHP operations.” Refer to the amended O&M contract.

**Question 28:** Add “Other than for scheduled and unscheduled maintenance” to the beginning of Article II, Section 5 of Section 0515B.

**Answer 28:** KUB will add “Other than for scheduled maintenance, pre-approved by KUB” to this section. Refer to the amended O&M contract.

**Question 29:** Add “scheduled maintenance and unscheduled maintenance” after Force Majeure in Article II, Section 6 of Section 0515B.

**Answer 29:** KUB will not add this language.

**Question 30:** Please add the following to Article IV, Section 10 of Section 0515B: “In the event that, after the date hereof, (i) a change in Federal, State, or local law or ordinance; (ii) orders or judgments of any Federal, State, or local court, administrative agency or governmental body; or (iii) a change in permit conditions or requirements increases Contractor’s cost of performance hereunder, Contractor shall be entitled to compensation for such documented increased costs, but no profit thereon.

**Answer 30:** KUB will not add this language.

**Question 31:** Please add the following to Article IV, Section 34 of Section 0515B: “During the term of the O&M Agreement, Contractor shall not be liable for damages during any calendar year in excess of the fees paid to Contractor during such calendar year; provided, however, that insurance proceeds shall not apply to this limitation of liability (deductibles paid shall apply); and provided, further, that such limitation shall not apply to (i) Contractor’s indemnification

**ADDENDUM 1 – Kuwahee WWTP Combined Heat and Power Facility****Control No: 952**

obligations related to third party claims or (ii) any liability related to an environmental condition to the extent caused by Contractor. Neither party shall be liable for consequential or punitive damages on any claims arising out of the performance or non-performance of obligations under the O&M Agreement.”

**Answer 31:** KUB will not add this language.

**Question 32:** Please confirm that retainage applies to Proposer, not Contractor (that is, construction, not operation).

**Answer 32:** This is correct. Please refer to Clarification to Specifications below for change to Section 00600.

**Question 33:** Please confirm that the operating performance/payment bonds can be annually renewed and sized at 100% of O&M annual fee.

**Answer 33:** Yes. The bonds may be renewed annually, and sized at 100% of the O&M annual fee.

**Question 34:** The O&M contract indicates a contract term of four years with two four-year extension options. Section 13239 indicates an eight-year base contract term. Will KUB consider making the CHP operating contract 8 years with one four-year extension.

**Answer 34:** Yes. Refer to Article I, Section 1 of the amended O&M Agreement. This change has also been made to Section 00140 of the RFP document, as noted below.

**Question 35:** Please clarify definitions for Proposer, Contractor, and Operator.

**Answer 35:** Refer to page 10 of the RFP for these definitions. A clarification on whether the Operator can be considered “prime” will be made in Addendum 2.

**General Clarifications:**

1. The contract between TVA and KUB will have an amendment revising the Project Plan and Incentive Payment Schedule currently found on Page 32 of Appendix XI of the RFP (page 102 of the specs). See below for the updated information:

| <b>Project Plan and Incentive Payment Schedule (KUB)</b> |                                      |   |
|--|--------------------------------------|---|
| Date   | Design or Construction Activity      | TVA Proposed Incentive Request/Cumulative |
| 16-Sep   | Construction Plan Delivered to TVA   | Completed                                 |
| 16-Sep   | Contracts Finalized with TVA         | Completed                                 |
| 16-Sep   | TVA Provides First Incentive Payment | \$400,000 / <b>\$400,000</b>              |
| 16-Nov   | Preliminary Design                   | Completed                                 |
| 17-Sep   | Advertise for Design Build RFP       | Completed                                 |
| 17-Nov   | Design Build Proposals Due           |   |
| 17-Nov   | TVA Provides Incentive Payment       | \$50,000 / <b>\$450,000</b>               |
| 17-Dec   | Design Build Contract Award          |   |

**ADDENDUM 1 – Kuwahee WWTP Combined Heat and Power Facility****Control No: 952**

|        |                                |                             |
|--------|--------------------------------|-----------------------------|
| 17-Dec | Notice to Proceed              |                             |
| 18-Apr | TVA Provides Incentive Payment | \$50,000 / <b>\$500,000</b> |
| 18-Jun | Final Design Completion        |                             |
| 18-Sep | TVA Provides Incentive Payment | \$75,000 / <b>\$575,000</b> |
| 19-Aug | TVA Provides Incentive Payment | \$87,000 / <b>\$662,000</b> |
| 19-Oct | Start-Up/Testing               |                             |
| 20-Jun | Assurance Evaluation           |                             |
|        | <b>Total Budget</b>            | <b>\$662,000</b>            |

2. See attached for attendance sheet from mandatory Pre-proposal meeting.

**Clarifications to Drawings:**

1. C-4 Yard Piping Plan – Replace to reflect adjustment for location of gas meter to avoid conflict with future greenway.

**Clarifications to Specifications:**

1. Section 13239; Delete and replace with the attached spec section.
2. Section 01465; Add attached section.
3. Section 13240; Add attached section.
4. Section 15250; Add attached section.
5. Section 15505; Add attached section.
6. Section 15541; Add attached section.
7. Section 01014; Delete the words “pre-purchased”.
8. Section 00140; Delete the phrase “Four (4) year base term, with the option for two (2) subsequent four (4)-year terms” and replace with “Eight (8) year base term, with the option for one (1) subsequent four (4) year term.” Delete the phrase “named in the proposal” from the definition for PROPOSER’S OPERATOR.
9. Request for Proposal – Design Criteria; Replace “Engines” with “Each engine” in the caption below the Guaranteed Power Production table.
10. Request for Proposal – Permitting, Environmental, and Other Regulatory; Add a row to the Permits table for Final Design Approval from the Tennessee Department of Environment & Conservation.
11. Request for Proposal – Operation & Maintenance Requirements; Add “biogas” to the end of Section 6.3 – Natural Gas Supply.
12. Section 00515A; Delete “The final commissioning and beginning of fueling operations is August 20, 2019” and replace with “The final commissioning and beginning of generating operations is October 20, 2019.”
13. Section 00515B; Delete and replace with the attached spec section.
14. Section 00600; Replace all mentions of CONTRACTOR with PROPOSER.

