

Undertaking 104

Re: Contract with ProEnergy

Undertake to provide an explanation for the variances between the contract...and the actuals, broken down by those component pieces that we're talking about. ...it'll be the other elements to the extent that they varied from the contract price.

Undertake to provide an explanation if there's line item discrepancies (they will be noted where there's a change in line items).

Refer to Undertaking 104 Attachment 1, which shows the line items and the amounts from the original contract as compared to the line item final amounts. The following are notes on line item differences:

- Item 38 Variance of \$12,038,114 due to higher than budgeted cost for the turbine building enclosure. The following are the main contributors to the cost:
1. Building construction progress was impacted for safety considerations associated with constructing the building in parallel with and around other work fronts. In addition, there were many interruptions of heavy lifts and other aerial work due to high winds and inclement weather.
 2. As the priority was to get the CT into operation, a phased approach to building construction was implemented to accommodate priority work fronts. This significantly extended the construction phase of the building.
 3. Increased building complexity due to interface with the turbine generator. In particular, the HVAC system is complex due to the nature of the equipment that is being housed in the building. In addition, the fire protection system is complex due to the nature of the equipment that is being protected and integrated with the HVAC system. Fire protection system design is in full compliance with FM Global standards.
- Item 40 Change order issued to cover EPC Contractor providing operational oversight and support services until longer term operational oversight and support contract could be established.
- Services include: monitoring lubrication levels on running equipment; evaluating and monitoring the running equipment such as lube oil, lift oil and turning gear; fuel truck off loads; prepare and maintain the unit for dispatch; support unit walk-downs, pre-run checks, etc.

Item	EPC	Original Budget/ Contract	Final/Actual	Notes
1	Equipment - Hold Fee & LNTP	\$ 3,720,000	\$ 3,720,000	
2	Equipment - CTG Balance	\$ 28,135,200	\$ 28,135,220	
3	Equipment - GSU Purchase	\$ 2,120,880	\$ 2,120,879	
4	Equipment - Solar FAT/Title Xfer	\$ 2,851,550	\$ 2,851,543	
5	Equipment - Diesel Generator FAT/Title Xfer	\$ 648,078	\$ 648,078	
6	Equipment - Water Plant FAT/Title Xfer	\$ 2,410,850	\$ 2,410,850	
7	Equipment - Liquid Fuel Package FAT/Title Xfer	\$ 2,242,870	\$ 2,242,868	
8	Equipment - Water Injection Skid FAT/Title Xfer	\$ 1,009,317	\$ 1,009,317	
9	Equipment - Liquid Fuel Xfer System & Tanks FAT	\$ 1,814,620	\$ 1,814,618	
10	Equipment - Heating Coil FAT/Title Xfer	\$ 2,172,616	\$ 2,172,616	
11	Equipment - 13.8kV - 4.16kV Stn Serv Transformer FAT/Title Xfer	\$ 103,692	\$ 103,692	
12	Equipment - 4.16kV - 480V Stn Serv Transformer FAT/Title Xfer	\$ 64,808	\$ 64,808	
13	Equipment - Control Sys BOP FAT/Title Xfer	\$ 1,258,049	\$ 1,258,049	
14	Equipment - Gen Circuit Breaker FAT/Title Xfer	\$ 3,220,431	\$ 3,220,431	
15	Equipment - Oper & Routine Maint Doc	\$ 220,000	\$ 220,000	
16	Equipment - Inlet Filter House FAT	\$ 2,073,849	\$ 2,073,849	
17	Equipment - Fuel Heating Package FAT	\$ 207,385	\$ 207,385	
18	Equipment - Station Air System Compressors FAT	\$ 122,461	\$ 122,461	
19	Equipment - Waste Water Treatment System FAT	\$ 343,092	\$ 343,092	
	Equipment Subtotal	\$ 54,739,749	\$ 54,739,757	Minor variance due to rounding of some line items.
20	EPC - LNTP Payment	\$ 500,000	\$ -	Included in item 21.
21	EPC - EPC Down Payment	\$ 5,917,582	\$ 6,417,582	
22	EPC Milestone 1 - Engineering Deliverables - Initial IFC Rev 0 Drawings - Major Foundations	\$ 641,758	\$ 641,758	
23	EPC Milestone 1 - Engineering Deliverables - Initial IFC Rev 0 Drawings - Electrical One Lines	\$ 641,758	\$ 641,758	
24	EPC Milestone 1 - Engineering Deliverables - Initial IFC Rev 0 Drawings - P&IDs	\$ 641,758	\$ 641,758	
25	EPC Milestone 1 - Engineering Deliverables - Initial IFC Rev 0 Drawings - Engineering List	\$ 641,758	\$ 641,758	
26	EPC Milestone 1 - Engineering Deliverables - Initial IFC Rev 0 Drawings - Controls	\$ 641,758	\$ 641,758	
27	EPC Milestone 2 – Civil Work - Foundations Major Equip - CTG	\$ 3,208,791	\$ 3,208,791	
28	EPC Milestone 2 – Civil Work - Foundations Poured for Major Equip - GSU	\$ 802,198	\$ 802,198	
29	EPC Milestone 3 – Major Equipment Rough Set on Foundation - CTG	\$ 3,208,791	\$ 3,208,791	
30	EPC Milestone 3 – Major Equipment Rough Set on Foundation - GSU	\$ 802,198	\$ 802,198	
31	EPC Milestone 4 – Assembly of Major Equipment - CTG	\$ 3,208,791	\$ 3,208,791	
32	EPC Milestone 4 – Assembly of Major Equipment - GSU	\$ 802,198	\$ 802,198	
33	EPC Milestone 5 – Mechanical Completion - CTG	\$ 3,208,791	\$ 3,208,791	
34	EPC Milestone 5 – Mechanical Completion - GSU	\$ 802,198	\$ 802,198	
35	EPC Milestone 6 – Commissioning & Testing Complete - CTG First Fire	\$ 3,208,791	\$ 3,208,791	
36	EPC Milestone 6 – Commissioning & Testing Complete - Performance Test	\$ 2,567,033	\$ 2,567,033	
37	EPC Milestone 6 – Commissioning & Testing Complete - Complete Documentation Turnover	\$ 641,758	\$ 641,758	
38	Building Allowance	\$ 8,000,000	\$ 20,038,114	Higher than budgeted cost for building enclosure.
39	Unallocated Allowance	\$ 5,000,000	\$ 4,993,783	
40	Operational Oversight & Support Services	\$ -	\$ 316,282	Provision of operational oversight and support services.
	EPC Subtotal	\$ 45,087,912	\$ 57,436,090	
	Total (Equipment Subtotal + EPC Subtotal)	\$ 99,827,661	\$ 112,175,847	