

POWER COMPANY OF KARNATAKA LIMITED

Established of Gas based projects under Case-2 Competitive Bidding Route
Bid specification no 02/LTTP (Gas)/2010

Clarifications to Queries Sought by the Bidders

Sl. No.	Name of the Bidder	Name of the Document & Existing clause No	Suggestions/Clarifications sought by bidder	Response of PCKL
1.	Tanjong Energy Holdings SDN. BHD., Kuala	RFQ Page 4, "Tasks Completed"	Predevelopment activities are mentioned only in relation to Gadag. Have these activities been completed for Belgaum and Davanegere as well?	Typographical Error has been corrected & can be read as below: Tasks Completed: Power Company of Karnataka Ltd, (Authorized Representative) has taken predevelopment activities for the development of the project at Belgaum/Gadag/Davanagere. i. Preparation of pre-feasibility report ii. Identification of water source iii. Identification of tapoff points of gas pipeline iv. Identification of land
2.	Tanjong Energy Holdings SDN. BHD.	RFQ Page 4, Transfer of Project Site	We assume that the land costs will be made available before submission of the bid so that the costs can be priced in. Kindly confirm.	The land costs will be made available before submission of Request for Proposal
3.	Tanjong Energy Holdings SDN. BHD.	RFQ Page 13, Clause 2.1.5 Audited Consolidated Annual Accounts	If we intend to take 100% benefit of the technical and financial capability of the parent (as per clause 3.3.4), then for clause 2.1.5, we as Bidder shall submit the financials of the parent as per Annexure 9. Are we required to submit the financials of the affiliates as well?	Kindly refer to the para 2.1.4 & 3.3.4 of RFQ
4.	Tanjong Energy Holdings SDN.	RFQ Page 26 Annexure 1	Please provide the information mentioned in the Annexure 1.	"Information is uploaded on PCKL & KPTCL websites: www.pckl.co.in www.kptcl.com

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	BHD.		<ul style="list-style-type: none"> • ENCLOSURE-1: Last three available annual audited accounts. • ENCLOSURE-2: Aggregate technical and commercial losses for last three years as available • ENCLOSURE-3: Details regarding existing tariff structure, consumer base etc 	
5.	Tanjong Energy Holdings SDN. BHD.	RFQ Page 36, Power of Attorney	<p>It is our intent to nominate at least 3 persons as POA. The reason being if one of the nominated POA is away on business travel / not available, an alternate POA can then sign the required documentation. Please confirm that more than one person is allowed to be nominated as POA.</p> <p>If agreeable to PCKL, the POA will be adapted accordingly and submitted.</p>	Yes, More than one person is allowed to be nominated as Power of Attorney.
6.	Tanjong Energy Holdings SDN. BHD.	RFQ Page 36, Power of Attorney	<p>Is the Power of Attorney to be executed by the Consortium Members in the form set out in Annexure 8 of the RFQ required to be legalized by the Indian embassy/consulate office if it is executed outside India?</p> <p>Comments: As the lead member of the consortium and as the agreements/RFQ are being compiled in</p>	Please refer to the Note 2 of Annexure-8

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			Malaysia, it is our intent to get the Joint Deed Agreement executed (including notary public attestation and stamping) in Malaysia.	
7.	Tanjong Energy Holdings SDN. BHD., Kuala	RFQ Page 60 Annexure 13	<p>For the letter of consent, the RFQ requires the Bidder to:</p> <ul style="list-style-type: none"> ➤ have read, examined and understood the RFQ, RFP & PPA..... ➤ confirm concurrence with the RFQ, RFP, PPA,..... <p>Currently, only the RFQ has been issued to us along with a Model PPA, whereas the RFP document has not yet been issued.</p> <p>We believe the letter of consent should be worded accordingly to be in line with the actual status of the referred documents.</p>	The Annexure 13 will be modified suitably.
8.	ESSAR POWER	RFQ Clause 1.2: Definitions: Conflict of Interest	<p>Can different entities of a Business group submit separate bid(s) for different projects?</p> <p>Since: The entities will not submit competing bid for the same Project</p>	Yes, different Entities of a Business group can submit separate bid(s) for different projects subjected to the same entities should not submit competing bid for the same Project.
9.	ESSAR POWER	RFQ Clause 1.7: Introduction: PCKL will provide all support to Bidders for the development of the proposed project for (i) site	<p>In RFQ document at page no.4 under 'Transfer of Project Site', it is mentioned that the project site will be transferred to the successful Bidder at a price indicated by KIADB. Kindly clarify whether KIADB will acquire the land and transfer to the</p>	<p>KIADB will acquire the land and transfer it to the successful bidder. Further it is clarified that it is not the Bidders responsible for acquisition of land.</p> <p>The PCKL is an Authorized Representative will facilitate in</p>

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		identification and land acquisition	successful Bidder or will the bidder be responsible for acquisition of land?	land acquisition & transfer of land to the successful bidder after fulfillment of terms & Conditions of KIADB.
10.	ESSAR POWER	RFQ Clause 1.7: Introduction: (iv) Water linkage shall be provided at RFP Stage	In RFQ document at page no.4 under 'Tasks Completed', only identification of water source mentioned. Kindly clarify whether PCKL will only identify the water source or the water linkage will be provided.	PCKL will arrange to provide the water linkage.
11.	ESSAR POWER	RFQ Commencement of supply: The Bidder shall have to commence supply by 30 months for first block and subsequent blocks at an interval of 4 months each from the signing of the Agreement, with a notice period of 3 months.	The Bidder shall have to commence supply by 42 months for first block. Since: 30 months to commence supply is aggressive target if the Bidder has to acquire the Land and arrange for the fuel. However, 30 months can be considered if KIADB acquires the land and transfers the project site to the successful bidder.	As per the CERC (Terms & conditions of Tariff) Regulations 2009, Vide Notification No. L-7/145(160)/2008-CERC dated 19 th January 2009 in Regulation 15 (Appendix II) For Gas Turbine Size above 100MW(ISO rating), 30 months for the first block of green field projects, Subsequent blocks at an interval of 4 months each.
12.	ESSAR POWER	PPA Schedule 15: Format of the performance Guarantee: The Guarantor Bank acknowledges that this BANK GUARANTEE is not personal to the procurer and may be assigned, in whole, or in part (Whether absolutely or by	The Guarantor Bank acknowledges that this BANK GUARANTEE is not personal to the Procurer and may be assigned, in whole, by the Procurer to any entity to whom the procurer is entitled to assign its rights and obligations under the PPA. Since: Banks are not willing to include this clause for part assigned in the Bank Guarantee and hence we request that it should be	No Change Proposed

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		way or security) by the Procurer to any entity to whom the procurer is entitled to assign its rights and obligations under the PPA	deleted from the format of Performance Guarantee.	
13.	ESSAR POWER	PPA Article 15.2: Monetary Limitation of Liability: A Party ("Indemnifying Party") shall be liable to indemnify the other Party ("Indemnified Party") under this Article 15 for any indemnity claims made in a Contract Year only upto an amount of Rs.20,000/-	Party ("Indemnifying Party") shall be liable to indemnify the other Party ("Indemnified Party") under this Article 15 for any indemnity claims made in a Contract Year only upto an amount equivalent to half a percent (0.5%) of the average annual Tariff payment for all the Contract Years upto the Contract Year in which the indemnity claim is made. Since: The amount of Rs.20,000/- is a very small amount and it will not act as a deterrent against the breach of obligations by either Party.	No Change is proposed
14.	ESSAR POWER	RFQ Page 2: Purchase of Power: The term of PPA shall be 25 years	The term of PPA shall be 15 years. Since: The life of the Gas fired Power Plants are typically 15 years (As per the competitive Guidelines). Hence, tariff for Gas fired Power Plants should be sought for 15 years. The tariff after 15 years can be decided on mutually agreeable terms and conditions.	As per the CERC (Terms & conditions of Tariff) Regulations 2009, dated 19 th January 2009 under Definitions vide Sl. No. 42. It clearly indicate Useful life of Gas/Liquid fuel based Thermal generating station is 25 years
15.	ESSAR POWER	PPA Article 1: Definition of Contract Year	Shall mean the period commencing on the Delivery Date (as defined hereunder	It is to be clarified that the Scheduled COD means: (i) for the first Unit, [Insert

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			<p>) and ending on the immediately succeeding March 31st and thereafter each period of twelve (12) months commencing on April 1 and ending on March 31; further the last contract year shall start from 1st April of the corresponding financial year to the 25th Anniversary of the Delivery Date.</p> <p>Since: There are provisions in the PPA wherein a Seller and Procurer jointly may agree for supply of power at date different from the Scheduled Delivery Date or Revised Scheduled Delivery Date. Therefore, the first Contract Year should start from the delivery date.</p>	<p>Date]; (ii) for the second Unit, [Insert Date]; or such other dates from time to time, specified in accordance with the provisions of this Agreement;</p> <p>Under this Agreement the Article 3.1.2 (viii) provides the option to prepone to Scheduled COD. Hence the proposal is not necessary for incorporation.</p>
16.	ESSAR POWER	PPA Article 12: Force Majeure	<p>The PPA does not have any provision for termination in the event of an extended Force Majeure Event. Therefore, a provision stating the right to terminate the PPA to both the parties should be included in the Article 12.</p> <p>Since: If a Force Majeure event continues for more than a continuous period of 24 months, the unit should be considered as an extended Force Majeure event.</p>	No Change is proposed
17.	ESSAR POWER	PPA Table of Contents	The page nos. given in the Contents from Article 2 onward do not match with those mentioned in the PPA	Necessary Corrections have been incorporated.

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			document.	
18.	Shree Renuka Energy Ltd		Has PCKL already formed a SPV to execute different gas based power projects?	Project wise SPV is not formed
19.	Shree Renuka Energy Ltd		Will there be a pass through for variable cost of generation for the period starting from 2 nd year?	In pursuance of the clause 5.6(vi) of Ministry of Power Notification dated: 19-01-2005 on Guidelines for determination of Tariff by Bidding Process for procurement of Power by the Distribution licencees, the Central Electricity Regulatory Commission notifies & updates for every six months, escalation rates applicable for the purpose of payment along with explanation for the notification on escalation factors & other parameters. It is self explanatory.
20.	Shree Renuka Energy Ltd		Please give us some idea about the availability and pricing of gas by GAIL and involvement of PCKL in establishing/ensuring fuel linkage for the project.	Presentation was already arranged regarding Availability & Pricing of Gas in the Global Investors Meet held on 4 th June 2010. However the Bidders are free to approach the GAIL or any other Gas Suppliers in this regard.
21.	Shree Renuka Energy Ltd		To get commitment from GAIL we need to sign Gas Transfer Agreement (GTA) with GAIL in order to block the required quantity of gas. However, this will be difficult for GAIL/project proponents to get into agreements during bidding stage.	The successful Bidder has to enter into a Gas Transportation Agreement with GAIL for transportation of Gas.
22.	Shree Renuka Energy		Please provide us the details of land and tapoff points.	Details will be uploaded on the PCKL & KPTCL websites www.pckl.co.in &

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	Ltd			www.kptcl.com
23.	Madhuc on Projects Ltd, Hyderabad	RFQ 1.12/1.7.iii/ Page No-11	<p>"The project shall be based on Natural gas. Bidder has to arrange necessary fuel and shall submit a comfort letter from a fuel supplier for fuel linkage for the entire term of the PPA at the time of submission of proposal in response to the RFP and Bidder shall be responsible to make arrangement for the necessary quality and quantity of gas required for the PPA"</p> <p>Comments: a) During Global Investors meet arranged by Karnataka Government, on 4th and 5th June -2010 at Bangalore, it was assured to the investors during deliberations that M/s GAIL would establish Trunk/Spur Gas pipelines through Karnataka which would also supply Gas for the proposed power projects of 700MW & also for 50-300MW plants in Karnataka.</p> <p>The assurances were identical from the CMD of GAIL, both during his Press Meet on 4th June and also during his presentation on Power Meet on 5th June 2010. For the proposed power plants,</p>	<p>Memorandum of Understanding is entered b/w GoK & GAIL for laying of Gas Pipelines from Dabhol to Bangalore along with Spur lines indicated in Map. The route map of Dabhol to Bangalore Gas Pipeline will be uploaded on the PCKL & KPTCL websites.</p> <p>Regarding fuel arrangement refer the clause 1.12 of the RFQ document.</p> <p>Where it clearly mentioned that Global Investors meet held on 3rd and 4th of June 2010.</p>

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			<p>GAIL pipeline supply being the only Gas fuel source for the Investors, it is expected that Gas fuel will be made available at the Power Plant boundary and also Quality of Gas fuel supply would be assured to the Power plants.</p> <p>b) In such a scenario. PCKL to please clarify with respect to the Bid Statement in clause 1.12:</p> <p>a. "Bidder shall arrange necessary fuel..."and accordingly requirement of submission of comfort letter by Bidder for fuel linkage for entire term.</p> <p>b. "...Bidder shall responsible to make arrangement for the necessary quality and quantity of gas for the term of the PPA."</p>	
24.	Madhuc on Projects Ltd	RFQ 1.7.v (Page No.11)	<p>"Requisite Hydrological, geological, meterological and seismological data necessary for preparation of Detailed Project Report (DPR), where applicable: These <u>should be available before the issue of RFP.</u>"</p> <p>Comments: We have down loaded the Bid docs. Please provide Hydrological, geological, meterological and seismological data for</p>	Please refer the clause 1.7(v) of RFQ document.

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			<p>proosed plants at the 3 sites at:</p> <p>a. Vantumuri village, Ghataprabha Tq., Belgaum Dist.</p> <p>b. Mevundi village, Mundargi Taluk, Gadag District</p> <p>c. Ragimasalavada village, Harappanahalli Tq, Davanagere Dist.</p>	
25.	Madhuc on Projects Ltd	RFQ 2.6.1 (Page No.18)	<p>"The Bidder shall submit the Bid so as to reach the following address by 2.00pm hrs on 5th January 2010."</p> <p>Name and address of the Authorized Person: Additional Director(Projects), "Power Company of Karnataka Ltd., (Authorized Representative)" 5th Floor, Room No 501, Kaveri Bhavan, Bangalore</p> <p>PCKL to please clarify the date of submission</p>	Necessary corrections incorporated. w)
26.	CESC Limited		<p><u>Land Acquisition:</u> We understand that PCKL or its SPV will acquire the entire land required for the Project & hand over the encumbrance free land to the successful bidder. Please confirm.</p>	Please refer to the query Sl. No.9
27.	CESC Limited		<p><u>Environmental Clearance:</u> We request PCKL or its SPV to obtain the Environmental clearance for the project including public hearing, State pollution board clearance and MOEF</p>	PCKL will acts as facilitator in obtaining the Clearances. Further it is clarified that it is the responsibility of the Bidder.


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			clearance for the project, before it is handed over to the successful bidder, as per the provisions of the Standard Case-II bidding process. Please confirm.	
28.	CESC Limited		<u>Fuel arrangement:</u> We request PCKL or its SPV to arrange necessary fuel linkage for the entire term of the PPA for the project, before it is handed over to the successful bidder, as per the provisions of the standard Case-II bidding process. Please confirm.	Please refer to query Sl. No.23
29.	CESC Limited		<u>Other clearances:</u> We request PCKL or its SPV to obtain all other statutory clearances for the Project, before it is handed over to the successful bidder, as per the provisions of the Standard Case-II bidding process. Please confirm.	PCKL will acts as facilitator in obtaining the Clearances. Further it is clarified that it is the responsibility of the Bidder.
30.	NTPC Limited	RFQ Clause 1.7 (iii)	As per CERC guidelines, escalation rates payable for LNG is based on the average Japan LNG price for the last one year. It may be noted that average Japan LNG price for the last one year may reflect the price of LNG which has been procured from the basket of LNG contracts over a period of time. This may not cover the price risk of new LNG contracts which the bidder may have to enter based on the present conditions. Similarly, the risk of new domestic gas may not be covered with the CERC escalation considered on	In pursuance of the clause 5.6(vi) of Ministry of Power Notification dated: 19-01-2005 on Guidelines for determination of Tariff by Bidding Process for procurement of Power by the Distribution licences, the Central Electricity Regulatory Commission notifies & updates for every six months, escalation rates applicable for the purpose of payment along with explanation for the notification on escalation factors & other parameters. It is self explanatory. For clarification regarding 2 nd

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			GAIL's APM gas. This aspect needs to be looked into while finalising the bidding documents. Alternatively, PCKL may arrange fuel on its own and the bidder may bid based on Net Heat Rate basis.	para kindly refer to query Sl. No.23
31.	NTPC Limited	RFQ Annexure - 5 Format of Covering Letter	The RFQ issue date which is to be filled up in the blank space may please be indicated. Since: To ensure completeness of the format & document,	Your suggestion is noted and it will be suitably incorporated.
32.	NTPC Limited	RFQ Annexure - 8 Format for Power of Attorney	The Name of Project & Name of Co. which are to be filled up in the blank space may please be indicated. Since: To ensure completeness of the format & document,	Annexure -8 Format for Power of Attorney will be Suitably modified.
33.	NTPC Limited	RFQ	The RFQ documents customized for all the three Gas projects may please be provided to the bidders or uploaded on the PCKL website. Since: To have clarity regarding the documents and completeness of the RFQ documents.	The RFQ documents customized for all the three Gas projects will be uploaded on the PCKL & KPTCL websites shortly.
34.	LANCO Infrastructure Limited		For 3 x 700 MW projects to be developed through competitive bidding, would developers be allowed to set	The selection of Bidder through Bidding process of Competitive Bidding Guidelines.

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			up an extra module, subject to availability of land, fuel and other clearances? Who would have sale rights over power from this additional module?	
35.	LANCO Infrastructure Limited	RFQ Page 4	<p>Under commencement of supply, it has been stated that power from first block should start flowing by 30 months from the date of signing of PPA. What constitutes a block - GT or GT+ST?</p> <p>In a combined cycle power plant, power starts flowing into the grid with the commissioning of the simple cycle or Gas Turbine, maybe 8 months prior to the commissioning of the combined cycle. Would the evacuation facilities be ready by that time? What would be the realizable tariff? Would it be the same as that stipulated for infirm power?</p>	700MWs capacity is a Combined Cycle Power Plant (CCPP). Block refers to GT+ST.
36.	LANCO Infrastructure Limited	RFQ Page 4	The life of a gas based power station is 15 years whereas PPA term is indicated as 25 years. Please confirm.	Please refer to query Sl. No14
37.	LANCO Infrastructure Limited	RFQ 1.11	Validity of bid for 180 days from RFQ submission: If RFP dates are postponed beyond 180 days, then, do the bidders who qualify, stay qualified on the basis of their RFQ submission?	<p>The Bids to RfQ shall be valid for not less than one hundred and eighty (180) days from the last date of submission of Bid. Please refer clause 1.11 & Annexure 5 of RFQ.</p> <p>In case if it is required to extend RFP dates beyond the 180 days a written request will be made for the extension of the Bid Validity.</p>
38.	LANCO Infrastructure		Will the qualified bidders be allowed another opportunity	Queries during the RFP stage is allowed as per the Guidelines of

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	ture Limited		to pose additional queries during the RFP stage?	MoP dated: 19 th January 2005
39.	LANCO Infrastructure Limited		Can you indicate the location of the nearest PGCIL/ KPTCL substation? Would the developers of both merchant and competitive bid projects have the liberty of connecting to Central Transmission Network or State Transmission Network?	Will be provided at the RFP Stage.
40.	LANCO Infrastructure Limited		Should the formats for RFQ be populated for each site separately and individually?	Separate RFQ document along with necessary formats has to be submitted for each project.
41.	LANCO Infrastructure Limited	RFQ 2.1.4	For the technical qualification, are we allowed to quote the same project with, say, an aggregate cost of Rs. 3000 crores for all the three locations under bidding?	As per the clause 2.1.4 is applicable for each project.
42.	LANCO Infrastructure Limited	RFQ 2.1.4	For Commissioning, the definition applicable would be as given in PPA document. Please confirm.	Yes.
43.	LANCO Infrastructure Limited		We suggest that PCKL can consider tying up the price and quantity of gas with GAIL rather than the developers doing it by themselves for the competitive bid projects for the following reasons: <ul style="list-style-type: none"> • This is a Case 2 bidding process where fuel tie-up is usually provided by the procurer. • A parallel cannot be drawn with imported coal because many companies are 	Please refer to query Sl. No23

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			<p>acquiring coal assets abroad and as a result there is a better visibility about coal availability and pricing trends.</p> <ul style="list-style-type: none"> • It would provide for a level playing field among all bidders. • Probably PCKL would be in a better position to negotiate with GAIL for the entire quantity of gas which would translate into the most competitive prices for the end consumers rather than banking on the negotiating skills of the individual bidders. <p>PCKL's tying up gas with GAIL would give a huge comfort to bidders and this would elicit more responses from bidders resulting in the most competitive power tariff.</p>	
44.	LANCO Infrastructure Limited		Would the model gas supply and transportation agreements be a part of the RFP documents?	Yes, model gas supply and transportation agreements be a part of the RFP documents.


Additional Director (Projects)
PCKL, Bangalore