

K-Electric Limited

500/220/132/11kV KKI GIS Grid Station and TL
Pre-Bid Clarification Session (Commercial)

December 23, 2020

Agenda for Today's Session:

1. General Clarifications
 2. Brief Project Overview
 3. Project Timelines
 4. Significance of Project
 5. Brief on Technical Scorecard
 6. Brief on Commercial Terms and Scorecard
 7. Possible Financing Options
 8. Q&A Session
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General Clarifications

1. General Clarifications

S No.	Description (ITB Clause No. 8)	Commercial Envelope	Technical Envelope
1	Covering Letter	Yes	Yes
2	Document Checklist	No	Yes
3	Tender Security	Yes (Original)	Yes (Copy with hidden amount)
4	Form of Tender duly filled, signed and sealed	Yes	No
5	Signed copy of Confidentiality Agreement	Yes	Yes
6	Acknowledgement Letter	Yes	Yes
7	Signed copy of Covenant of Integrity	Yes	Yes
8	Signed Supplier Code of Conduct (SCOC) - English and Urdu versions (any one to be filled)	Yes	Yes

1. General Clarifications

S No.	Description	Commercial Envelope	Technical Envelope
9	Schedule of Prices (with detailed Cash flows)	Yes	Yes (QUOTED or UNQUOTED against each line item)
10	Power of Attorney	Yes	No
11	Schedules (SWD, Proposed Programme of Works, Schedule of Implementation, Deviations from Technical Provisions, Deviations from Contractual Conditions, Proposed Organization for the Project) to Bid duly filled, signed and stamped, in accordance with the instructions contained therein	No	Yes
12	Technical literature, Drawings, type tests reports, reference list of all the offered equipment/goods, plants	No	Yes
13	Deviation list from Contract Agreement and Conditions to Contract	Yes	Yes

Brief Project Overview

2. Brief Project Overview

- KE intends to construct 500/220/132kv Grid station and 220 kv Transmission Line. The Grid will be fed from NTDC 500 kv Circuit through looping IN/OUT NTDC 500KV K2/K3-Portqasim Transmission line (TL).
- KE has floated following separate Tender documents:
 1. 500/220/132/11KV KKI Grid Station.
 2. 220KV KKI Transmission lines
- Scope for Grid Station broadly includes the following:
 - 3 x 600 MVA, 500/220kV Auto Transformer
 - 2x 250MVA , 220/132kv Auto Transformer
 - 2 x 40MVA, 132/11kV Power Transformer
 - 3x 500kV GIS bays, 12x 220kV GIS bays, 7x 132kV GIS bays
- Scope for TL includes the following:
 - Loop in /loop out of KE 220kv Double circuit Baldia to Maripur Grid station
 - 132KV New Double circuit from KKI Grid to Hub Grid (Optional Scope)

Project Timelines

3. Project Timelines

- Timelines for the completion of KKI Grid and TL are as follows:

Description	Date
Tender Circulation to Bidders	1-Dec-20
Last Date of Bid Submission	30-Jan-21
Project Award and Contract Signing	28-Feb-21
Substantial Completion – PTO	26 Months from Contract Signing
Project Completion - FTO	6 Months from PTO

Significance of Project

4. Significance of Project

- In June 2020, Government of Pakistan (GoP) had approved additional power supply to KE by FY-2023. The decision was made by GoP to ensure that KE has adequate supply of power in future to meet the electricity needs of Karachi
- This additional supply will be made to KE through following two Interconnection Points / Grid Stations:
 - 220KV Dhabeji Grid (Contract for this Grid has already been awarded)
 - **500KV KKI Grid**
- As mentioned above, to ensure the offtake of additional supply from National Grid, KE has to construct 500kV KKI Grid Station and Transmission Line. The Grid and TL has to be made available by FY-23
- Timely Completion of KKI Grid and TL is highly critical to KE as any delay will result in widening the Demand-Supply gap and increase in load shedding in Karachi City.
- Considering the Strategic importance of the Project for KE, Bidders have to ensure that they are committed towards completion of the Project on timely basis

Brief on Technical Scorecard

5. Brief on Technical Scorecard

S.No	Evaluation Summary	Weightage
1	Technical Evaluation	60%
2	Commercial Evaluation	40%
Total Marks		100%

1	Technical Evaluation Criteria – Grid Portion	Weightage
A	Grids	30%
B	Scada	9%
C	Telecom	6%
D	Civil	15%
Total Marks (Technical)		60%

1	Technical Evaluation Criteria – TL Portion	Weightage
A	220kV OHTL	18%
B	132kV OHTL	9%
C	220KV UG	18%
D	132KV UG	9%
E	Civil	6%
Total Marks (Technical)		60%



Brief on Commercial Terms / Commercial Scorecard

5. Brief on Commercial Terms / Commercial Scorecard



Considering the strict timelines and importance of the Project, KE wants to provide upfront clarification to Bidders on the following key aspects:

PAYMENT TERMS

1. KE requires Bid submission with the following two options;
 - 45 days Credit Period
 - Deferred Payment Option / Supplier's Credit (12 months credit period or more), KE's preferred mode of financing is through Supplier's Credit subject to commercial considerations
2. KE doesn't not prefer any Advance payment, **Bids requiring advance payment of more than 10% would be Rejected**

5. Brief on Commercial Terms / Commercial Scorecard



3. Supply / Offshore Contract:

- Under the Offshore Contract, KE does not prefer payments through LC, and payments shall be made through bank contract / open account.
- In case, if payment is required through LC, **bids requiring LC exceeding 25% of Supply / Offshore Contract Value will be REJECTED.**
- Tenor of LC shall not be more than a period of 12 months. The arrangement can be such that it can be extended further for a period of 12 months before the expiry of LC. In case of full or partial utilization, LC value can be replenished up to the 25% of contract value.
- Bidder is encouraged to come-up with supplier's credit or any other innovative financing solution (using ECA, private insurance, or any other mode of financing) and the relevant cost will be evaluated by KE in the overall project bid.
- Financing should be structured by the supplier in a way that no security is required at KE's end.

4. Construction / Onshore Contract

- Payments under the onshore Contract shall be made progressively on earned value (work completion / milestones) basis.

5. Brief on Commercial Terms / Commercial Scorecard

2	Commercial Evaluation	Weightage	Comments
A	Minimum Price	27.5%	Full marks to the lowest price and other bidders to be scored on relative basis
B	Compliance with Contract Terms and Conditions	12.5%	
I	<u>Payment Terms</u>		
I (a)	- <u>No LC / Security requirement</u>	4%	Full marks on no LC / Security requirement No marks on LC / Security requirement of 25% of Supply / Offshore Contract Value Proportional marks for LC / Security requirement below 25% <u>BID REJECTION if LC / Security requirement exceeds 25% of Supply / Offshore Contract Value</u>
I (b)	- Deferred Payment / Supplier's Credit Offer	4%	Full marks on 365 days credit period No marks on 45 days credit period Proportional marks between 45 and 365 days
I (c)	- No Advance Payment	1%	Full marks on no advance payment No marks on requirement of 10% Advance or above <u>BID REJECTION if Advance is more than 10%</u>
I (d)	- Credit Period	0.5%	Full marks on 45 days credit period No marks on no credit period
II	Performance Bond against bank guarantee	1%	Full Marks for Compliance with Contract Terms
III	Defects Liability Period	1%	No marks on Deviation from Contract Terms
IV	Extended Warranty Period	1%	Bids may be rejected in case of significant deviations from the Contract Terms
	Total Marks (Commercial)	40%	

Possible suppliers' credit options

6. Possible suppliers' credit options

Suppliers may consider exploring the following financing options while arranging and structuring financing for the contract.

1. Bill discounting against foreign insurance cover:

- Bill discounting structure is typically used under documentary collections / bank contract on acceptance basis.
- Facilitates the settlement of trade transactions through the discounting of negotiable instruments (i.e., Bill of exchange / Promissory Note).
- A foreign private insurance company cover (without any recourse to KE) can be obtained by supplier against KE's payment obligation.

2. Trade receivable discounting:

- Trade receivable discounting structure is typically used for open account payments.
- Supplier signs a Receivables Purchase Agreement (RPA) with bank.
- Discounting is done against submission of shipping documents (copy) and negotiable instrument (original) such as Bill of exchange or Promissory Note.
- A foreign private insurance company cover (without any recourse to KE) can be obtained by supplier against KE's payment obligation.

3. Any other solution that supplier can offer

Q&A Session

Thank You

Backup Slides

Technical Scorecard Weightage 60% (GRID Portion)

Category	Criteria	Score
Origin	European	10
	Chinese	8
	Pakistan	6
Type test	STL/ ILAC Complete	10
	STL/ ILAC Partial	8
	Non STL/ ILAC Complete	2
	Non STL/ ILAC in-complete	1
	No Type test	0
SWD Compliance	No Deviation	10
	Deviation	5
	SWD Not Submitted	0

Technical Scorecard Weightage 60% (TL Portion)

Category	Criteria	Score
Origin	European	10
	European make & Chinese Assembled	8
	Chinese make & Chinese Assembled	6
	Pakistan	5
Type test	STL/ ILAC Complete	10
	STL/ ILAC Partial	8
	Non STL/ ILAC Complete	2
	Non STL/ ILAC in-complete	1
	No Type test	0
SWD Compliance	No Deviation	10
	Minor Deviation	5
	Major Deviation	3
	SWD Not Submitted	0
Civil BOQ	Quoted	10
	Not Quoted	0
Civil ELO	Compliance	10
	Non Compliance	0

500kV KKI Grid and TL

Document Check List:

The Contractor is required to confirm that all the document as mentioned in the check list are attached in the bid document. Failure to comply will result in rejection of the bid.

Specific Works Data Sheets:

The SWD as attached in the tender shall be filled in. If any SWD is not available in the tender document, data in the manufacturer format may be submitted

Vendors Finalized in Post Bid Clarifications:

The vendors finalized in the post tender clarifications will not be changed in the execution stage.

HSEQ Requirements:

Contractors to check the HSEQ requirements carefully and bid accordingly for HSEQ compliance during project execution.



Trade Receivables Discounting Structure

