

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

DATE: 23rd Dec 2020
TIME: 10:00 AM
VENUE: KE DNA Learning Institute

LIST OF PARTICIPANTS:

KE Team

- Mustafa Kamal
- Muhammad Bilal Ahmed Mirza
- Syed Moiz Ishaq
- Muhammad Farrukh
- Faizan Pasha
- Waseem Furqan
- Wiqar Ahmed Khan
- Fahad Mazhar
- Abdul Muqet Hussain
- Danish Ahmed
- Muhammad Rehan Salim
- Qasim Mehmud
- Muhammad Asif Saeed
- Team Barqaab (Project Consultant)

Bidder

- Team CMEC and MAQ
- Team Harbin Electric
- Team General Electric
- Team Pinggao and Inam Energy
- Team Siemens Pakistan
- Team Shanghai Electric and CPM
- Team NWEPI
- Team Shangdong
- Team Xian
- Team SSC
- Team Jaffer Brothers Limited
- Team China SEPCO
- Team Netracon
- Team State Grid
- Team TBEA

Agenda

1. Welcome and 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. Ending Note and Ariba Implementation
9. Q&A Session

Session Minutes

Agenda Item No. 1 – Welcome and General Clarifications

- Session began with recitation of Holy Quran. KE team welcomed the attendees and briefed them about the purpose of the Session.
- KE team clarified the general requirements with respect to the completeness of Tender documents (Commercial and Technical) and explained that all Bidders are required to comply with these requirements upon submission of Bids.



Agenda Item No. 2 - Brief Project Overview

- KE Team briefed the attendees about the purpose of the Project and Project Scope which is covered under Grid and TL Tenders.

Agenda Item No. 3 - Project Timelines

- Session attendees were informed about the Timelines of the Project including Provisional Taking Over and Final Taking Over.
- The Attendees were informed that the timeline for Provisional Taking Over was initially communicated in Tender documents as 30 months from Contract Signing, however, considering the criticality and Importance of the Project the same has been reduced to 26 months. Timeline for achieving Final Taking Over will be 32 Months (i.e. 6 months after Provisional taking Over). Corrigendum to Tender documents for change in Project Timelines will also be circulated in due time.

Agenda Item No. 4 - Significance of Project

- KE Team briefed the Attendees on Significance and Importance of the Project for both KE and Karachi City. They were informed that the completion of the project by Summer FY-23 is of immense importance to KE as otherwise the Karachi city will have to suffer from Load shedding due to widening of Demand-supply gap.

Agenda Item No. 5 - Brief on Technical Scorecard

- KE Team briefed the Attendees on Technical Score card and related Technical requirements.

Agenda Item No. 6 - Brief on Commercial Terms and Scorecard

- KE Team further presented the Commercial Terms and Commercial Score card and following points related to the **Payment terms** were clarified:
 - KE requires Bid submission with the following two options;
 - i. 45 days Credit Period
 - ii. 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
 - ii. KE doesn't not prefer any Advance payment, **Bids requiring advance payment of more than 10% would be REJECTED**
 - iii. **Supply / Offshore Contract:**
 - i. Under the Offshore Contract, KE does not prefer payments through LC, and payments shall be made through bank contract / open account.
 - ii. In case, if payment is required through LC, **bids requiring LC exceeding 25% of Supply / Offshore Contract Value would be REJECTED.**

- iii. 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.
 - iv. Bidders are 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.
 - v. Financing should be structured by the supplier in a way that no security is required at KE's end.
- **Construction / Onshore Contract**
- i. Payments under the onshore Contract shall be made progressively on earned value (work completion / milestones) basis.
- It was further clarified that Corrigendum to the Tender documents for changes in Payment Terms will also be circulated in due time.

Agenda Item No. 7 - Possible Financing Options

- KE Treasury Team briefed the Bidders about the Possible suppliers' credit Options (Bill discounting against foreign insurance cover, Trade receivable discounting). Further, the Bidders were also encouraged to bring any other innovative solution for Suppliers Credit.

Agenda Item No. 8 – Ending Note and Ariba Implementation

- KE Team briefed the bidders to ensure all the given timelines of Bid submission as well as execution of the Project.
- KE Team also briefed that KE has implemented SAP ARIBA and all the prospective bidders must register themselves in Ariba.

Agenda Item No. 9 - Q&A Session

- Bidders Questions on the session relating to Commercial matters were taken by KE Team.
- Based on Bidders' request, KE Team extended the date for Technical and Commercial Pre-Bid clarifications to Dec 31, 2020 and Jan 7, 2021 respectively.

The meeting ended with a note of Thanks from KE Team to Bidders for their participation.